

LODDON SHIRE COUNCIL

BUDGET FOR YEAR ENDED 30 JUNE 2019



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MAYOR INTRODUCTION

The Councillors and I are pleased to present the 2018/19 Budget to the community. This budget continues with our Council Plan 2017-21 vision of "A prosperous, vibrant and engaged community" and focuses on the following five key themes:

- Population;
- Economic prosperity;
- Liveability;
- Sustainability;
- High performance organisation.

The Council Plan 2017-21 (Year 2), sets out our strategic plan to deliver our vision over the full term of the Council. As this is the second year of the current Council term, part of the focus over the next year will be on the planning and design activities required to deliver current commitments, along with delivery of key identified projects.

The budget details the resources required over the next year to fund a large range of services we provide to the community. It also includes details of proposed capital expenditure allocations to improve and renew our Shire's road infrastructure, buildings and operational assets as well as funding for a range of projects.

As Councillors, it is our job to listen to community opinions and understand your priorities. During and following the Council elections in 2016 we have consistently heard that Council's services are valued by the community, and that Council also needs to be financially responsible. In response, Council has continued an organisation wide approach to identify savings that don't impact on its services, to provide increased value for money to ratepayers. Council will continue to focus on identifying sustainable cost savings that will enable it to deliver on our Council Plan to deliver high quality, responsive and accessible services to the community.

The budget includes a rate increase of 2.25 per cent. This is in line with the Fair Go Rates System which has capped rate increases by Victorian Councils. Council has also identified a number of significant cost and revenue impacts during the budget process which it has had to take into consideration. These include:

- the changes in financial support provided by the Victorian Government within the Home and Community Care area;
- the increasing demand for services from the community and an expectation that at least all services will be maintained at their present standard;
- Council's desire to continue to support Community Planning to drive strategic outcomes from a community level.

Some of the highlights contained in the 2018/19 Budget include:

- full funding of Council's ongoing commitment of community planning of \$750K;
- an increased commitment to investment in information technology;
- strong investment in local road and related infrastructure maintenance;
- \$290K allocation for works associated with the Building Asset Management Plan;
- continued support for the aged services and early years programs;
- capital expenditure program of \$11.76 million;
- no loan repayments with Council remaining debt free;
- continuation of a strong cash position.

This budget was developed through a rigorous process of consultation and review and Council endorses it as financially responsible. I encourage the community to read through this document, in conjunction with the Council Plan 2017-21.

Cr. Cheryl McKinnon
Mayor

CEO INTRODUCTION

Council has prepared a budget for 2018/19 which is aligned to the vision in the Council Plan 2017-21. It seeks to maintain and improve services and infrastructure as well as deliver projects and services that are valued by our community, and do this within rate increases mandated by the State Government.

This budget projects a cash surplus of \$135K for 2018/19, however, it should be noted that the adjusted underlying result is a surplus of \$3.3 million after adjusting for capital grants and contributions (refer to Section 4.1.13).

1 Key things we are funding

- ongoing delivery of services to the Loddon Shire Council community
- continued investment in capital projects (\$11.76M). This includes roads (\$3.66M); urban and road drainage (\$0.35M); footpaths (\$0.24M); recreational, leisure and community facilities (\$4.1M) and parks, open space and streetscapes (\$0.85M).

2 Rates and charges increase

- the average rate will rise by 2.25% in line with the order by the Minister for Local Government on 19 December 2017 under the Fair Go Rates System
- this year is a revaluation year, therefore, valuations will be as per the General Revaluation dated 1 January 2018
- the waste service charges will increase by 5.0% per collection item
- refer to Section 4.1.1 for further details.

3 Key statistics

Total revenue is \$25.39 million (2017/18 \$28.74 million)

Total operating expenditure is \$30.12 million (2017/18 \$31.49 million)

Accounting result is \$4.72 million deficit (2017/18 \$2.75 million deficit)

Underlying operating result is \$0.94 million deficit (\$2.06 million deficit in 2017/18)

Note: Underlying operating result is an important measure of financial sustainability as it excludes income which is to be used for capital.

Cash result is \$0.14 million surplus (\$1.79 million surplus in 2017/18)

(Refer Capital Expenditure Statement in Appendix D)

Note: This is the net funding result after considering the funding requirements to meet reserve transfers.

Capital works program of \$11.76 million (\$14.83 million in 2017/18)

\$3.65 million from Council operations

\$2.57 million from reserves

No borrowings

\$0.38 million from asset sales

\$5.15 million from external grants.

Phil Pinyon

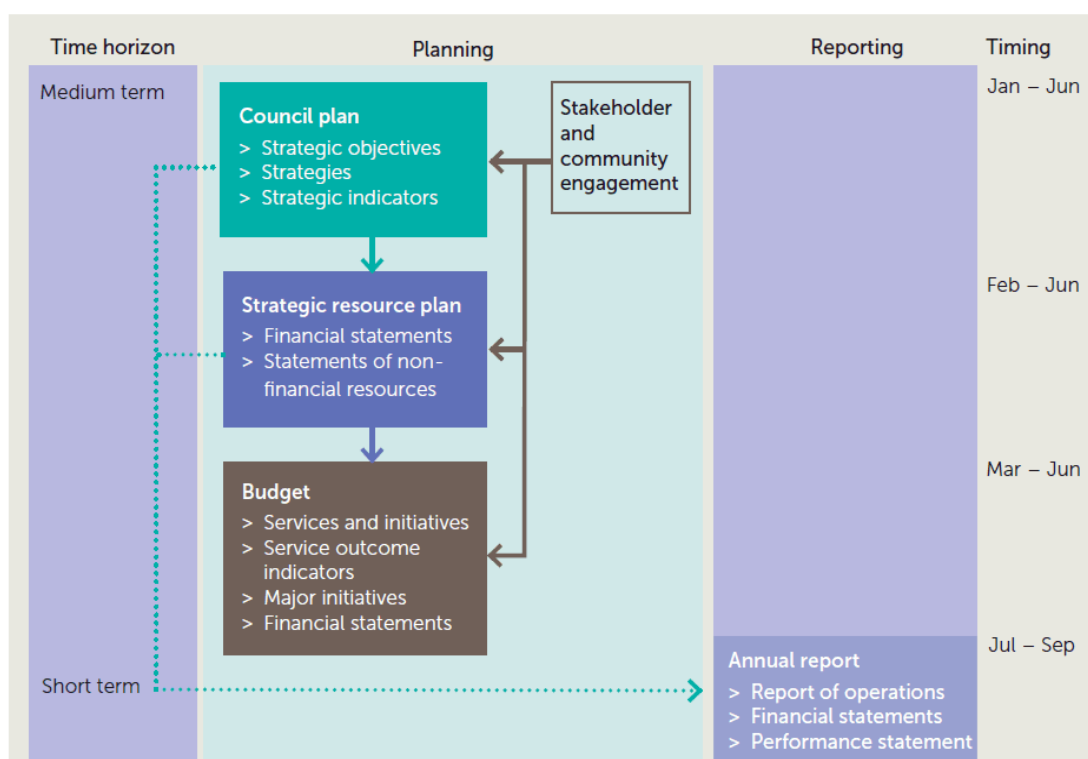
Chief Executive Officer

1 LINKAGE TO THE COUNCIL PLAN

This section describes how the Budget links to the achievement of the Council Plan within an overall planning and reporting framework. This framework guides the Council in identifying community needs and aspirations over the long term (Long Term Financial Plan 2018/19 to 2027/28), medium term (Council Plan) and short term (Budget) and then holding itself accountable (Annual Report).

1.1 Planning and accountability framework

The Strategic Resource Plan, part of and prepared in conjunction with the Council Plan, is a rolling four year plan that outlines the financial and non-financial resources that Council requires to achieve the strategic objectives described in the Council Plan. The Budget is framed within the Strategic Resource Plan, considering the services and initiatives which contribute to achieving the strategic objectives specified in the Council Plan. The diagram below depicts the planning and accountability framework that applies to local government in Victoria.



Source: Department of Environment, Land, Water and Planning

The timing of each component of the planning framework is critical to the successful achievement of the planned outcomes.

1. LINKAGE TO THE COUNCIL PLAN (Continued)

1.2 Our purpose

Our vision

"Loddon Shire Council's vision is to be a prosperous, vibrant and engaged community"

Our mission

"Its mission is to enhance the sustainability and liveability of Loddon Shire"

Our values

Leadership

Means acting ethically, dealing with suspected wrongdoing, doing the right thing even in the face of adversity, giving proper advice fearlessly, taking initiative, being innovative and acting strategically.

Integrity

Means obeying the law, following the intention of policies and procedures, fully disclosing actual or potential conflicts of interest, acting honestly and responsibly and observing organisational values and codes of conduct.

Accountability

Means having justifiable reasons for decision and actions, obtaining value for money, continuously improving, keeping proper records, and submitting to scrutiny.

Impartiality

Means being fair by being fully informed, considering only relevant matters, and dispassionately assessing without fear, favour or bias.

Respect

Means being open to feedback and other views, communicating with clarity and sensitivity, giving all relevant information, providing reasons for decisions, collaborating and working effectively in teams, being courteous and being punctual.

1. LINKAGE TO THE COUNCIL PLAN (Continued)

1.3 Core business of Council

In preparing the Council Plan, the Council has articulated the scope of its role in:

1 - Leadership

Providing vision and leadership in planning for our community's longer term future.

2 - Provision of well being services

Cost effectively providing for the basic needs of our communities.

3 - Planning for future needs

Anticipating and planning for demographic and economic shifts.

4 - Economic development

Supporting the growth and diversification of our economy, based on areas of competitive advantage.

5 - Providing quality infrastructure

Developing and maintaining both built and natural assets appropriate to community priorities.

6 - Financial stability

Planning and managing for long-term financial needs and keeping our rate payers informed about the financial situation.

7 - Education and life-long learning

Advocating for better youth engagement and life-long learning outcomes.

8 - Compliance

Ensuring we are compliant with all legislative reporting requirements.

9 - Regulation

Ensuring community compliance with local regulations.

10 - Advocacy and partnerships

Collaborating internally and externally to achieve our region's goals and promoting the interests and position of our Council.

1.4 Strategic themes

In addition Council has identified five high level strategic themes which are priority activities for the Council over the next four years. These are:

Population - Grow and invigorate Loddon's population

Economic prosperity - Support development of a prosperous and diverse economy

Liveability - Develop attractive, vibrant and well- serviced communities

Sustainability - Provide leadership which contributes to the sustainability of our region

High performance organisation - Implement frameworks which enable sound decision making and support a high performing and customer-focused organisation.

The Budget includes major initiatives that sit under the strategic themes that will be delivered in 2018/19. They are considered high priority projects towards achieving the strategic platform objectives.

1. LINKAGE TO THE COUNCIL PLAN (Continued)

1.6 Reporting framework

Council has retained its current reporting structure, which includes six key direction areas, as follows:

1 - Economic development and tourism

To promote economic growth through the retention and development of agriculture and business, and the development and promotion of tourism.

2 - Leadership

To provide Loddon Shire with strategic direction, representation and advocacy to promote good government, realisation of opportunities and to build confidence, pride and unity within the community.

3 - Works and infrastructure

Infrastructure to be provided in an efficient manner that meets the needs of the community.

4 - Good management

Ensure best practice management of human, physical and financial resources.

5 - Environment

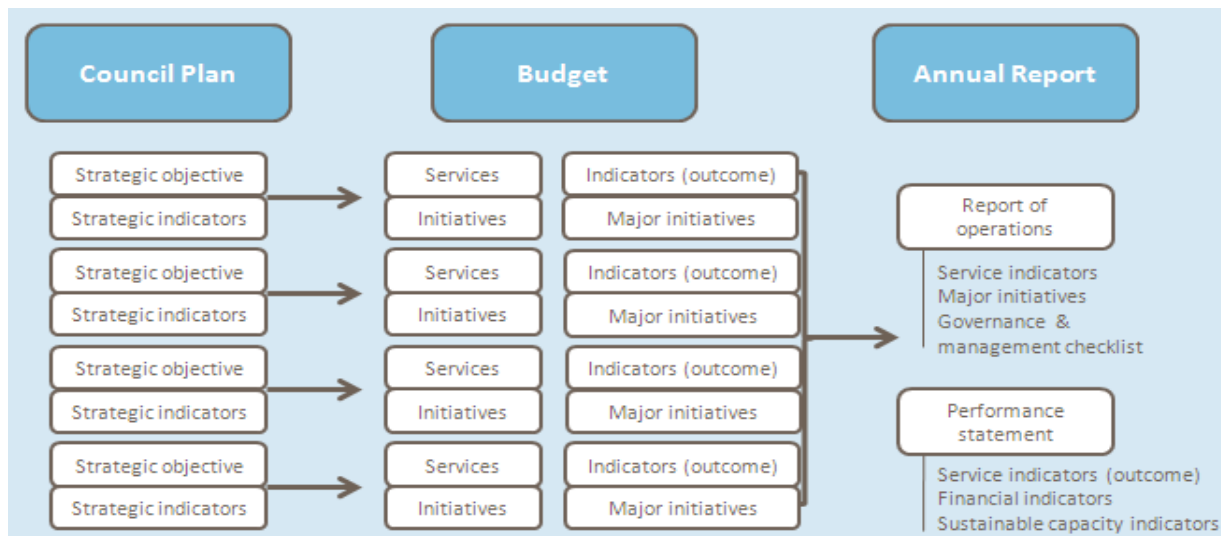
To promote and enhance the natural and built environment for the enjoyment of future generations.

6 - Community services and recreation

To enhance the quality of life of all ages through the provision of community services and support of community organisations.

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS

This section provides a description of the services and initiatives to be funded in the Budget for the 2018/19 year and how these will contribute to achieving the strategic platforms specified in the Council Plan. It also describes several initiatives and service performance outcome indicators for key areas of Council's operations. Council is required by legislation to identify major initiatives and service performance outcome indicators in the Budget and report against them in their Annual Report to support transparency and accountability. The relationship between these accountability requirements in the Council Plan, the Budget and the Annual Report is shown below.



Source: Department of Environment, Land, Water and Planning

2.1 Strategic themes

The following provides a brief outline of the strategic themes outlined within the Council Plan.

2.1.1 Strategic theme 1 - Population

Objective:

Grow and invigorate Loddon's population

Key priorities:

- a) population growth and diversity - develop a more balanced and sustainable demographic profile
- b) quality childcare services - optimise the potential for all residents to pursue employment opportunities and lifestyle choices
- c) infrastructure, amenities and services - support community needs with high standard infrastructure, facilities, services and programs
- d) attractive housing policies - encourage population growth by improving the ease of transition for new residents
- e) public transport services - improve the mobility and accessibility of residents to lifestyle needs and choices.

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.1 Strategic themes (continued)

2.1.2 Strategic theme 2 - Economic prosperity

Objective:

Support development of a prosperous and diverse economy

Key priorities:

- a) tourism - realise Loddon's tourism potential by supporting and promoting our natural, historical and cultural assets
- b) economic development - encourage economic development by providing support which facilitates business initiatives and growth
- c) water security - secure adequate water access to maintain the viability of diverse economic activities
- d) economic infrastructure - support the delivery of key public infrastructure that facilitates improved economic returns
- e) business capability - facilitate improvement in the business capabilities of Loddon traders and entrepreneurs.

2.1.3 Strategic theme 3 - Liveability

Objective:

Develop attractive, vibrant and well-serviced communities

Key priorities:

- a) township appearance - ensure our townships are presented to a high standard
- b) community engagement - build relationships and foster community engagement, pride and resilience
- c) lifestyle infrastructure - provide quality infrastructure which supports the desired lifestyles of our residents
- d) water security - secure adequate water access with supports lifestyle needs and recreational choices.

2.1.4 Strategic theme 4 - Sustainability

Objective:

Provide leadership which contributes to the sustainability of our region

Key priorities:

- a) economic sustainability - ensure the ongoing economic viability of Loddon Shire Council operations
- b) environmental sustainability - deliver adequate, efficient and sustainable environment and waste management services
- c) social sustainability - actively promote policies and activities which facilitate community health, harmony and engagement.

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.1 Strategic themes (continued)

2.1.5 Strategic theme 5 - High performance organisation

Objective:

Implement frameworks which enable sound decision making and support a high performing and customer-focused organisation

Key priorities:

- a) financial management - practise responsible and sustainable financial behaviours
- b) quality customer service - improve communication with community and customers
- c) IT infrastructure - improve internal and external service delivery
- d) leadership and representation - deliver results in line with the direction of Council
- e) organisational development - develop the necessary culture and capabilities to achieve Council's strategic and operational objectives
- f) compliance and reporting - meet our legislative requirements and improve internal efficiencies.

2.2 Major initiatives

This section provides a description of the individual key activities and initiatives to be funded in the Budget for 2018/19.

2.2.1 Strategic theme 1

Key priority

Develop a feasibility study, business case and advocacy strategy for required level of childcare services.

Major initiatives

Complete feasibility study for childcare services.
Complete business case for childcare services.

2.2.2 Strategic theme 2

Key priority

Provide support to existing business to encourage take up of self-improvement opportunities.

Major initiative

Develop and implement a policy to provide a framework to access Council's heritage loans scheme.

2.2.2 Strategic theme 3

Key priority

Support and promote initiatives which encourage community inclusion and engagement.

Major initiative

Develop a volunteer strategy.

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.2 Major initiatives (continued)

2.2.4 Strategic theme 4

Key priority

Ensure appropriate levels of support for smaller communities.

Major initiative

Review the Community Support Policy.

2.2.6 Strategic theme 5

Key priority

Continue to develop a high-performance culture.

Major initiative

Adopt a Child Safe Standards Framework and associated policies.

2.3 Service performance outcome indicators

These service performance outcome indicators are those prescribed in accordance with the Regulations and are reported within Council's Performance Statement.

Indicator	Performance measure	Computation
Governance		
Satisfaction	Satisfaction with Council Decisions (Community satisfaction rating out of 100 with how Council has performed in making decisions in the interests of the community)	Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community
Statutory planning		
Decision making	Council planning decisions upheld at VCAT (Percentage of planning application decisions subject to review by VCAT and that were not set aside)	[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100
Roads		
Satisfaction	Satisfaction with sealed local roads (Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads)	Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads
Libraries		
Participation	Active library members (Percentage of the municipal population that are active library members)	[Number of active library members / municipal population] x100

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.3 Service performance outcome indicators

Indicator	Performance measure	Computation
<i>Waste collection</i>		
Waste diversion	Kerbside collection waste diverted from landfill (Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill)	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100
<i>Aquatic facilities</i>		
Utilisation	Utilisation of aquatic facilities (The number of visits to aquatic facilities per head of municipal population)	Number of visits to aquatic facilities / Municipal population
<i>Animal management</i>		
Health and safety	Animal management prosecutions (Number of successful animal management prosecutions)	Number of successful animal management prosecutions
<i>Food safety</i>		
Health and safety	Critical and major non-compliance notifications (Percentage of critical and major non-compliance outcome notifications that are followed up by Council)	[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100
<i>Maternal and child health</i>		
Participation	Participation in the MCH service (percentage of children enrolled who participate in the MCH service)	[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100
Participation	Participation in MCH service by Aboriginal children (Percentage of Aboriginal children enrolled who participate in the MCH service)	[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.4 Services

Section 127(2)(b) and (c) of the Act required the budget to contain a description of the services funded in the budget. This is in further detail below:

Activity	Net cost of activity \$	Income \$	Expenditure \$
110. ECO DEV & TOURISM STRATEGIES	153,000	-	153,000
111. ECONOMIC DEVELOPMENT	281,805		281,805
121. TOURISM	217,090		217,090
122. TOURISM INITIATIVES	105,117	(43,720)	148,837
123. CARAVAN PARKS	540,863	(871,490)	1,412,353
125. LODDON DISCOVERY TOURS	-	(23,916)	23,916
131. PROMOTIONAL INITIATIVES	10,000	-	10,000
132. INDUSTRIAL SITES	(6,190)	(15,000)	8,810
141. CONTRIBUTIONS	4,400		4,400
142. ECONOMIC DEVELOPMENT	(10,946)	(18,738)	7,792
151. BUILDING CONTROL	19,898	(107,754)	127,652
161. COUNCIL RESIDENCES	13,437	(2,500)	15,937
181. STANDPIPES & TRUCKWASHES	(1,000)	(45,037)	44,037
191. ACQUISITION & DISPOSAL	-	-	-
211. COUNCILLOR COSTS	353,010	-	353,010
212. EXECUTIVE	869,061	-	869,061
221. LOCAL LAWS	79,630	(934)	80,564
230. DEVELOPMENT SERVICES	214,870		214,870
232. COMMUNITY LEADERSHIP	17,598	(50,743)	68,341
251. RECORDS MANAGEMENT	102,185		102,185
281. MUN EMERGENCY MAN	10,190	(346,802)	356,992
311. STAFF ONCOSTS	(169,385)	(1,554,204)	1,384,819
320. TECHNICAL SERVICES	934,837	-	934,837
321. PLANT OPERATING	(1,974,522)	(3,893,795)	1,919,273
322. FLEET	(331,718)	(522,000)	190,282
331. LOCAL ROADS MAINT	5,523,902	-	5,523,902
333. RESEALS	603,725		603,725
339. ROADS TO RECOVERY	(1,676,275)	(1,676,275)	-
341. MAIN RDS ROUTINE PAVEMENT MAINT	292,319	-	292,319
349. LOCAL RD AMENITY PROGRAM	(74,194)	(534,064)	459,870
350. LOCAL ROAD SAFETY PROGRAM	45,000		45,000
351. LOCAL RD CONSTRUCTION	1,350,000	-	1,350,000
352. LOCAL RD GRAVEL RESHEETS	380,000		380,000
353. LOCAL RD SHOULDER SHEETS	315,000		315,000
354. LOCAL BRIDGES/CULVERTS	600,700	(350,000)	950,700
356. TOWNSHIP/STREETS IMP	237,000	-	237,000
371. URBAN DRAINAGE WORKS	499,007	-	499,007
381. GRAVEL PITS	(73,620)	(123,654)	50,034
383. DEPOTS	3,867	(137,000)	140,867
384. ROAD OPENINGS ETC	(1,915)	(9,763)	7,848
385. TRAFFIC CONTROL	33,075	-	33,075

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.4 Services (continued)

Activity	Net cost of activity \$	Income \$	Expenditure \$
386. PRIVATE WORKS	(3,749)	(37,970)	34,221
391. ACQUISITION & DISPOSAL	1,082,865	(379,423)	1,462,288
410. GOOD MANAGEMENT STRATEGIES	356,000	-	356,000
411. RATES INCOME	(9,369,422)	(9,369,422)	-
421. VGC INCOME	(4,239,157)	(4,239,157)	-
431. INTEREST INCOME	(375,000)	(375,000)	-
432. OTHER INCOME	(12,308)	(17,630)	5,322
434. INFORMATION TECHNOLOGY	897,045	-	897,045
435. PRINTING & STATIONERY	29,000	-	29,000
436. ADMINISTRATION	605,526	(10,000)	615,526
437. INSURANCE	220,810	(9,467)	230,277
439. CUSTOMER SERVICE	209,298	-	209,298
440. FINANCE	663,342	-	663,342
441. CORPORATE SERVICES	484,923	-	484,923
442. OPERATIONS	378,188	-	378,188
443. OCC HEALTH & SAFETY	30,326	-	30,326
444. ORGANISATIONAL DEVELOPMENT	377,359	-	377,359
450. BUILDING MAINTENANCE	-	-	-
451. WEDDERBURN OFFICE	84,495	-	84,495
452. SERPENTINE OFFICE	45,349	(1,307)	46,656
453. BRIC	6,240	-	6,240
454. TELEPHONE CHARGES	45,689	-	45,689
461. RESERVE TRANSFERS	(5,249,845)	(7,401,594)	2,151,749
462. LONG SERVICE LEAVE PROV	273,922	-	273,922
471. SUBSCRIPTIONS, DONATIONS, & MEMBERSHIPS	63,900	-	63,900
491. ACQUISITION & DISPOSAL	730,600	-	730,600
510. ENVIRONMENT STRATEGIES	7,700	-	7,700
511. TIPS	713,378	(103,427)	816,806
512. GARBAGE COLLECTION	(546,073)	(1,353,704)	807,631
532. TOWN PLANNING	133,323	(70,000)	203,323
541. HERITAGE & CULTURE	2,040	-	2,040
561. FIRE PROTECTION	61,187	(16,055)	77,242
582. ENVIRONMENT	-	-	-
592. CONSTRUCTION/IMPROVE	-	-	-
610. COMM SERVICES & REC STRATEGIES	198,584	-	198,584
611. INFANT WELFARE CENTRES	118,230	(137,039)	255,269
614. PRE-SCHOOL MAINTENANCE	26,731	-	26,731
615. EDUCATION	141,826	(72,090)	213,916
616. BOORT PRE-SCHOOL	-	(114,808)	114,808
617. DINGEE PRE-SCHOOL	-	(127,790)	127,790
618. INGLEWOOD PRE-SCHOOL	-	(107,504)	107,504
619. WEDDERBURN PRE-SCHOOL	-	(111,622)	111,623

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.4 Services (continued)

Activity	Net cost of activity \$	Income \$	Expenditure \$
620. DISABILITY ACCESS PROGRAMS	84,565	-	84,565
621. HEALTH CONTROL	89,218	(52,229)	141,447
622. PYRAMID HILL PRE-SCHOOL	-	(111,917)	111,917
623. OTHER HEALTH	5,000	-	5,000
624. MUNICIPAL PUBLIC HEALTH WELLBEING	-	(500)	500
625. OCCASIONAL CARE PROGRAM	-	(38,402)	38,402
631. HACC SERVICES	70,359	(991,773)	1,062,133
632. COMMUNITY SERVICES	117,959	(36,761)	154,720
633. SENIOR CITIZENS CENTRES	32,668	(60,547)	93,215
634. ELDERLY PERSONS UNITS	(15,669)	(63,716)	48,047
635. HACC ONCOSTS	(2,211)	(225,836)	223,625
636. EXTERNALLY BROKERED SERVICES	(25,463)	(269,660)	244,197
637. LSC PACKAGED CARE PROGRAM	-	-	-
641. RECREATION & COMMUNITY DEVELOPMENT	414,908	-	414,908
642. RECREATION RESERVES	174,137	-	174,137
643. SWIMMING POOLS	452,242	-	452,242
644. BEACHES	45,837	-	45,837
645. TOWNSCAPE SERVICES	1,052,690	-	1,052,690
649. OTHER RECREATION	-	-	-
650. MAJOR EVENTS GRANTS	25,000	-	25,000
651. COMMUNITY GRANTS	200,000	-	200,000
652. REGIONAL LIBRARY	206,070	-	206,070
653. PUBLIC HALLS	47,228	-	47,228
655. YOUTH INITIATIVES	6,000	(53,000)	59,000
661. DOMESTIC ANIMALS	35,780	(45,677)	81,457
662. LIVESTOCK	54,676	(235)	54,911
670. COMMUNITY PLAN STRATEGY	500,000	-	500,000
671. BOORT COMMUNITY PLANS	50,000	-	50,000
676. WEDDERBURN COMMUNITY PLANS	50,000	-	50,000
677. INGLEWOOD COMMUNITY PLANS	50,000	-	50,000
678. TERRICK COMMUNITY PLANS	50,000	-	50,000
679. TARNAGULLA COMMUNITY PLANS	50,000	-	50,000
681. COMMUNITY PROTECTION	16,614	(9,650)	26,264
682. OTHER COMMUNITY	63,871	(5,000)	68,871
691. ACQUISITION & DISPOSAL	15,000	-	15,000
692. CONSTRUCTION/IMPROVE	50,000	(2,934,670)	2,984,670
998. (SURPLUS)/DEFICIT C/F	(1,785,085)	(1,785,085)	-
Total	(135,465)	(41,067,057)	40,931,593

2 SERVICES, INITIATIVES AND SERVICE PERFORMANCE INDICATORS (Continued)

2.5 Performance Statement

The service performance indicators details in the preceding pages will be reported on in the Performance Statement which is prepared at the end of the year as required by Section 132 of the Act and included in the 2017/18 Annual Report. The Performance Statement will also include reporting on prescribed indicators of financial performance (outlined in Section 5) and sustainable capacity, which are not included in this budget report. The prescribed performance indicators contained in the Performance Statement are audited each year by the Victorian Auditor General who issues an audit opinion on the Performance Statement. The major initiatives detailed in the preceding pages will be reported in the Annual Report in the form of a statement of progress in the Report of Operations.

2.6 Reconciliation with budgeted operating result

Activity	Net cost of activity \$	Income \$	Expenditure \$
Economic development and tourism	1,327,473	(1,128,155)	2,455,629
Leadership	1,646,544	(398,479)	2,045,023
Works and Infrastructure	7,595,919	(9,218,149)	16,814,067
Good management	(13,743,721)	(21,423,576)	7,679,855
Environment	371,556	(1,543,186)	1,914,742
Community services and recreation	4,451,851	(5,570,426)	10,022,277
Deficit before funding sources	1,649,621	(39,281,972)	40,931,593
Carried forward surplus	(1,785,085)	(1,785,085)	-
Total funding sources	(1,785,085)	(1,785,085)	-
Surplus for the year	(135,464)	(41,067,057)	40,931,593

3 FINANCIAL STATEMENTS

This section presents information in regard to the Financial Statements and Statement of Human Resources. The budget information for the year 2018/19 has been supplemented with projections to 2021/22 extracted from the Strategic Resource Plan.

This section includes the following financial statements in accordance with the Local Government Act 1989 and the Local Government Model Financial Report:

- 3.1 Comprehensive Income Statement
- 3.2 Balance Sheet
- 3.3 Statement of Changes in Equity
- 3.4 Statement of Cash Flows
- 3.5 Statement of Capital Works
- 3.6 Statement of Human Resources
- 3.7 Statement of Reserves

3.1 COMPREHENSIVE INCOME STATEMENT FOR THE FOUR YEARS ENDED 30 JUNE 2022

	NOTES	Forecast	Budget	Strategic Resource Plan Projections		
		Actual 2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$
Income						
Rates and charges	4.1.1	10,446,656	10,723,126	10,906,795	11,167,269	11,435,071
Statutory fees and fines	4.1.2	235,954	224,592	223,743	227,191	230,787
User fees	4.1.3	1,613,156	1,509,947	1,497,358	1,520,434	1,544,494
Grants - operating	4.1.4	10,705,537	6,230,312	10,264,922	10,445,762	10,630,061
Grants - capital	4.1.4	4,269,476	5,150,945	2,933,422	2,246,756	2,093,422
Contributions - monetary	4.1.5	85,000	310,000	10,000	50,000	10,000
Reimbursements	4.1.6	428,632	333,801	308,373	309,930	311,487
Vic Roads	4.1.7	521,681	534,064	739,357	754,139	769,204
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		-	-	-	-	-
Other income	4.1.8	431,879	375,000	381,780	383,707	385,636
Total income		28,737,971	25,391,787	27,265,750	27,105,188	27,410,162
Expenses						
Employee costs	4.1.9	11,149,293	11,809,431	11,452,440	11,909,533	12,266,884
Materials and services	4.1.10	11,060,536	8,799,238	7,937,139	8,148,554	8,052,618
Bad and doubtful debts		-	-	-	-	-
Depreciation and amortisation	4.1.11	8,976,575	9,200,989	9,430,789	9,666,873	9,908,343
Borrowing costs		-	-	-	-	-
Other expenses	4.1.12	304,738	306,172	307,606	309,068	310,531
Total expenses		31,491,142	30,115,830	29,127,974	30,034,028	30,538,376
Surplus/(deficit) for the year		(2,753,171)	(4,724,043)	(1,862,224)	(2,928,840)	(3,128,214)
Other comprehensive income						
Other comprehensive income		-	-	-	-	-
Total comprehensive result		(2,753,171)	(4,724,043)	(1,862,224)	(2,928,840)	(3,128,214)

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.2 BALANCE SHEET FOR THE FOUR YEARS ENDED 30 JUNE 2022

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2017/18 \$	2018/19 \$	Projections		
				2019/20 \$	2020/21 \$	2021/22 \$
Assets						
Current assets						
Cash and cash equivalents		15,457,675	8,828,226	7,760,592	6,279,757	5,952,206
Trade and other receivables		629,316	565,178	517,925	513,735	518,877
Other financial assets		1,668,430	1,668,430	1,668,430	1,668,430	1,668,430
Inventories		51,268	48,704	46,269	43,956	41,758
Non-current assets classified as held for sale		865,424	865,424	865,424	865,424	865,424
Total current assets	4.2.1	18,672,113	11,975,962	10,858,640	9,371,302	9,046,695
Non-current assets						
Trade and other receivables		83,987	1,787	587	-	-
Property, infrastructure, plant and equipment		324,589,968	336,529,055	346,071,719	355,246,398	363,334,551
Intangible assets		274,045	274,045	274,045	274,045	274,045
Total non-current assets	4.2.1	324,948,000	336,804,887	346,346,351	355,520,443	363,608,596
Total assets		343,620,113	348,780,849	357,204,991	364,891,745	372,655,291
Liabilities						
Current liabilities						
Trade and other payables		366,947	300,134	274,778	282,446	280,773
Trust funds and deposits		384,216	365,005	346,755	329,418	312,946
Provisions		2,127,856	2,056,635	1,986,532	1,913,623	1,837,798
Interest bearing loans and borrowings	4.2.4	-	-	-	-	-
Total current liabilities	4.2.2	2,879,019	2,721,774	2,608,065	2,525,487	2,431,517
Non-current liabilities						
Provisions		1,900,410	2,178,772	2,457,013	2,747,070	3,049,444
Interest bearing loans and borrowings	4.2.4	-	-	-	-	-
Total non-current liabilities	4.2.2	1,900,410	2,178,772	2,457,013	2,747,070	3,049,444
Total liabilities		4,779,429	4,900,546	5,065,078	5,272,557	5,480,961
NET ASSETS		338,840,684	343,880,303	352,139,913	359,619,188	367,174,330
Equity						
Accumulated surplus		104,787,990	102,384,429	99,254,901	95,999,061	92,721,524
Asset revaluation reserve		226,482,367	236,246,029	246,367,863	256,775,977	267,459,332
Other reserves		7,570,327	5,249,845	6,517,149	6,844,150	6,993,474
TOTAL EQUITY	4.2.4	338,840,684	343,880,303	352,139,913	359,619,188	367,174,330

3 BUDGETED FINANCIAL STATEMENTS (Continued)

**3.3 STATEMENT OF CHANGES IN EQUITY
FOR THE FOUR YEARS ENDED 30 JUNE 2022**

2018 Forecast Actual	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	332,280,012	95,531,675	217,168,524	19,579,813
Surplus/ (deficit) for the year	(2,753,171)	(2,753,171)	-	-
Net asset revaluation increment / (decrement)	9,313,843	-	9,313,843	-
Transfer to other reserves	-	(8,023,030)	-	8,023,030
Transfer from other reserves	-	15,593,357	-	(15,593,357)
Balance at end of financial year	338,840,684	100,348,831	226,482,367	12,009,486

2019 Budget	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	338,840,684	104,787,990	226,482,367	7,570,327
Surplus/ (deficit) for the year	(4,724,043)	(4,724,043)	-	-
Net asset revaluation increment / (decrement)	9,763,662	-	9,763,662	-
Transfer to other reserves	-	(2,151,749)	-	2,151,749
Transfer from other reserves	-	7,401,593	-	(7,401,593)
Balance at end of financial year	343,880,303	105,313,791	236,246,029	2,320,483

2020 SRP	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	343,880,303	105,313,791	236,246,029	2,320,483
Surplus/ (deficit) for the year	(1,862,224)	(1,862,224)	-	-
Net asset revaluation increment / (decrement)	10,121,834	-	10,121,834	-
Transfer to other reserves	-	(2,229,224)	-	2,229,224
Transfer from other reserves	-	2,470,734	-	(2,470,734)
Balance at end of financial year	352,139,913	103,693,077	246,367,863	2,078,973

2021 SRP	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	352,139,913	103,693,077	246,367,863	2,078,973
Surplus/ (deficit) for the year	(2,928,840)	(2,928,840)	-	-
Net asset revaluation increment / (decrement)	10,408,114	-	10,408,114	-
Transfer to other reserves	-	(2,125,629)	-	2,125,629
Transfer from other reserves	-	1,798,628	-	(1,798,628)
Balance at end of financial year	359,619,188	100,437,237	256,775,977	2,405,974

2022 SRP	Total \$	Accumulated surplus \$	Revaluation reserve \$	Other reserves \$
Balance at beginning of the financial year	359,619,188	100,437,237	256,775,977	2,405,974
Surplus/ (deficit) for the year	(3,128,214)	(3,128,214)	-	-
Net asset revaluation increment / (decrement)	10,683,355	-	10,683,355	-
Transfer to other reserves	-	(2,046,311)	-	2,046,311
Transfer from other reserves	-	1,896,987	-	(1,896,987)
Balance at end of financial year	367,174,330	97,159,700	267,459,332	2,555,298

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.4 STATEMENT OF CASH FLOWS
FOR THE FOUR YEARS ENDED 30 JUNE 2022

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2017/18 \$	2018/19 \$	Projections		
				2019/20 \$	2020/21 \$	2021/22 \$
Cash flows from operating activities						
Receipts						
Rates and charges		10,796,551	10,826,352	10,907,945	11,196,210	11,454,027
Statutory fees and fines		342,040	235,498	224,843	232,093	234,830
User fees		2,072,025	2,113,753	2,266,263	2,321,674	2,357,394
Grants - operating		10,959,401	6,354,918	10,470,220	10,654,677	10,842,662
Grants - capital		5,164,431	5,253,964	2,992,090	2,291,691	2,135,290
Contributions - monetary		86,700	316,200	10,200	51,000	10,200
Interest received		747,299	375,000	381,780	383,707	385,636
Trust funds and deposits taken		-	-	-	-	-
Other receipts		741,865	340,476	314,539	316,129	317,717
Net GST refund/payment		(165,007)	(140,256)	(137,451)	(134,702)	(132,008)
Operating receipts		30,745,305	25,675,905	27,430,429	27,312,479	27,605,748
Payments						
Employee costs		(11,181,947)	(11,628,544)	(11,271,081)	(11,719,699)	(12,068,196)
Materials and services		(11,200,212)	(9,057,213)	(8,131,709)	(8,314,972)	(8,225,547)
Trust funds and deposits repaid		(20,222)	(19,211)	(18,250)	(17,337)	(16,472)
Other payments		(306,178)	(306,172)	(307,606)	(309,068)	(310,531)
Operating payments		(22,708,559)	(21,011,140)	(19,728,646)	(20,361,076)	(20,620,746)
Net cash provided by/(used in) operating activities	4.4.1	8,036,746	4,664,765	7,701,783	6,951,403	6,985,002
Cash flows from investing activities						
Payments for property, infrastructure, plant and equipment		(14,656,688)	(11,376,414)	(8,851,617)	(8,433,438)	(7,313,140)
Decrease in term deposits		12,404,153	-	-	-	-
Loans and advances made		6,000	6,000	6,000	6,000	6,000
Payments of loans and advances		(4,774)	76,200	76,200	(4,800)	(5,413)
Net cash provided by/(used in) investing activities	4.4.2	(2,251,309)	(11,294,214)	(8,769,417)	(8,432,238)	(7,312,553)
Cash flows from financing activities						
Finance costs		-	-	-	-	-
Net cash provided by (used in) financing activities	4.4.3	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents		5,785,437	(6,629,449)	(1,067,634)	(1,480,835)	(327,551)
Cash and cash equivalents at the beginning of the year		9,672,238	15,457,675	8,828,226	7,760,592	6,279,757
Cash and cash equivalents at the end of the year		15,457,675	8,828,226	7,760,592	6,279,757	5,952,206

3 BUDGETED FINANCIAL STATEMENTS (Continued)

**3.5 STATEMENT OF CAPITAL WORKS
 FOR THE FOUR YEARS ENDED 30 JUNE 2022**

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2017/18 \$	2018/19 \$	Projections		
				2019/20 \$	2020/21 \$	2021/22 \$
Capital works areas						
Carried forward works from previous years		-	391,747	-	-	-
Land and buildings		509,574	790,000	255,000	1,276,000	1,455,000
Office furniture and equipment		454,137	777,780	90,000	90,000	90,000
Plant and equipment		1,134,519	1,427,213	1,261,681	1,630,275	1,713,856
Footpaths		1,075,933	237,000	261,056	278,185	287,061
Roadworks		6,028,078	3,659,425	3,383,523	3,422,912	3,572,979
Urban and road drainage		1,042,596	350,000	350,000	350,000	550,000
Recreation, leisure and community facilities		2,388,874	3,772,670	600,000	400,000	-
Parks, open space and streetscapes		2,200,980	350,000	2,920,000	1,380,000	-
Other infrastructure		-	-	-	-	-
Total capital works	4.5.1	14,834,691	11,755,835	9,121,260	8,827,372	7,668,896
Represented by:						
New asset expenditure		1,526,223	2,092,213	1,351,681	1,770,275	2,503,856
Asset renewal expenditure		3,935,476	3,570,952	2,369,006	2,406,508	2,499,813
Asset expansion expenditure		3,843,332	2,864,670	3,220,000	1,380,000	-
Asset upgrade expenditure		5,529,660	3,228,000	2,180,573	3,270,589	2,665,227
Total capital works expenditure		14,834,691	11,755,835	9,121,260	8,827,372	7,668,896

	Forecast	Budget	Strategic Resource Plan		
	Actual 2017/18 \$	2018/19 \$	Projections		
			2019/20 \$	2020/21 \$	2021/22 \$
Expenditure type					
Labour	284,960	346,966	420,192	433,311	449,172
Oncost	156,853	206,901	238,320	245,653	254,718
Plant	527,017	581,302	668,468	681,761	709,513
Creditors	7,111,397	5,369,571	2,620,032	3,978,063	3,633,929
Contractors	6,754,464	5,251,095	5,174,248	3,488,584	2,621,564
Total capital works expenditure	14,834,691	11,755,835	9,121,260	8,827,372	7,668,896

3 BUDGETED FINANCIAL STATEMENTS (Continued)

3.6 STATEMENT OF HUMAN RESOURCES FOR THE FOUR YEARS ENDED 30 JUNE 2022

	Forecast	Budget 2018/19 \$	Strategic Resource Plan Projections		
	Actual 2017/18 \$		2019/20 \$	2020/21 \$	2021/22 \$
Staff expenditure					
Employee labour - operating	10,864,333	11,462,465	11,032,248	11,476,222	11,817,712
Employee labour - capital	284,960	346,966	420,192	433,311	449,172
Total staff expenditure*	11,149,293	11,809,431	11,452,440	11,909,533	12,266,884
Staff numbers EFT**	EFT	EFT	EFT	EFT	EFT
Employees	150.40	150.40	148.40	148.40	148.40
Total staff numbers EFT	150.40	150.40	148.40	148.40	148.40

* Excludes employee oncost

** Equivalent Full Time

A summary of human resources expenditure categories according to the organisation structure of Council is included below:

Department	Budget 2018/19	Permanent Full Time	Permanent Part Time
Staff cost			
Economic development and tourism	602,250	350,128	252,122
Leadership	340,699	287,735	52,964
Works and infrastructure	3,531,324	3,531,324	-
Good management	3,039,666	2,211,232	828,434
Environment	362,283	265,936	96,347
Community services and recreation	3,586,243	1,311,108	2,275,135
Total permanent staff expenditure	11,462,465	7,957,463	3,505,002
Casuals and other expenditure	-		
Capitalised labour costs	346,966		
Total expenditure	11,809,431		

A summary of the number of equivalent full time (EFT) Council staff in relation to the above expenditure is included below:

Department	Budget 2018/19	Permanent Full Time	Permanent Part Time
Staff EFT			
Economic development and tourism	5.83	3.00	2.83
Leadership	7.20	3.00	4.20
Works and infrastructure	47.00	47.00	0.00
Good management	34.95	19.00	15.95
Environment	4.26	3.00	1.26
Community services and recreation	46.16	15.00	31.16
Total permanent staff EFT	145.40	90.00	55.40
Casuals and other	0.00		
Capitalised labour	5.00		
Total EFT	150.40		

3 BUDGETED FINANCIAL STATEMENTS (Continued)

**3.7 STATEMENT OF RESERVES
FOR THE FOUR YEARS ENDED 30 JUNE 2022**

	NOTES	Forecast	Budget	Strategic Resource Plan		
		Actual 2017/18 \$	2018/19 \$	Projections		
				2019/20 \$	2020/21 \$	2021/22 \$
Discretionary						
Land and buildings reserve		1,274	1,274	36,274	(13,726)	(413,726)
Professional development reserve		5,882	13,882	21,882	29,882	37,882
Unspent grants reserve		4,349,156	110,000	110,000	110,000	110,000
Capital expenditure reserve		900,000	850,000	850,000	850,000	850,000
Information technology reserve		926,768	234,854	329,854	424,854	519,854
Valuations reserve		45,895	5,895	5,895	5,895	5,895
Units reserve		93,394	109,063	115,532	121,324	126,404
Economic development reserve		18,180	13,180	73,180	93,180	13,180
Skinner's flat reserve		12,908	12,908	12,908	12,908	12,908
Community planning reserve		500,000	500,000	-	-	-
Plant replacement reserve		2,244,190	2,175,285	1,955,210	1,929,271	2,435,649
Fleet replacement reserve		264,845	397,366	353,898	484,830	342,177
GSP restoration reserve		442,710	516,330	581,343	645,838	709,785
Urban drainage reserve		381,955	101,955	101,955	101,955	101,955
Landfill rehabilitation reserve		317,517	344,507	378,877	413,247	447,617
Lake Boort water reserve		20,303	20,303	20,303	20,303	20,303
Reserves improvement reserve		100,000	100,000	100,000	100,000	100,000
Caravan park development reserve		284,306	1,444	68,433	11,592	70,794
Superannuation liability reserve		696,424	797,616	898,808	1,000,000	1,000,000
Unspent contributions reserve		-	-	-	-	-
War memorial reserve		3,000	3,000	3,000	3,000	3,000
Heritage loan scheme reserve		100,000	100,000	100,000	100,000	100,000
Major projects reserve		99,796	99,796	99,796	99,796	99,796
Unsuitably premises enforcement provision reserve		100,000	100,000	100,000	100,000	100,000
Swimming pool major projects reserve		100,000	150,000	200,000	200,000	200,000
Total discretionary reserves	4.3.2	12,008,503	6,758,658	6,517,148	6,844,149	6,993,473

4 NOTES TO THE FINANCIAL STATEMENTS

This section presents detailed information on material components of the financial statements.

4.1 Comprehensive income statement

4.1.1 Rates and charges

Rates and charges are required by the Act and Regulations to be disclosed in Council's annual budget.

In developing the Strategic Resource Plan, rates and charges were identified as an important source of revenue. Planning for future rate increases has therefore been an important component of the Strategic Resource Planning process. The State Government have introduced the *Fair Go Rates System (FGRS)* which sets out the maximum amount councils may increase rates in a year. For 2018/19 the FGRS cap has been set at 2.25%. The cap applies to general rates and municipal charges and is calculated on the basis of Council's average rates and charges.

The level of required rates and charges has been considered in this context, with reference to Council's other sources of income and the planned expenditure on services and works to be undertaken for the Victorian community.

To achieve these objectives while maintaining service levels and a strong capital expenditure program, the average general rate and the municipal charge will increase by 2.25% in line with the rate cap. The kerbside and recycling collection charges will increase by 5.0% due to increases in the cost of landfill operations and the continuation of Council's decision for this activity to remain cost neutral.

This will raise total rates and charges for 2018/19 of \$10.72 million.

4.1.1 (a) The reconciliation of the total rates and charges to the Comprehensive Income Statement is as follows:

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
General rates*	8,000,999	8,172,682	171,683	2.1%
Municipal charge*	1,162,250	1,196,740	34,490	3.0%
Garbage charge	949,721	996,397	46,676	4.9%
Kerbside recycling charge	333,686	357,307	23,621	7.1%
Total rates and charges	10,446,656	10,723,126	276,470	2.6%
Interest on rates and charges	28,000	25,000	- 3,000	-10.7%

* These items are subject to the rate cap established under the FGRS.

4.1.1 (b) The rate in the dollar to be levied as general rates under Section 158 of the Act for each type or class of land compared with the previous financial year

Type or class of land	2017/18 cents/\$CIV	2018/19 cents/\$CIV	Change
General	0.4977	0.4283	-13.9%
Rural	0.4431	0.3813	-13.9%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.1 (c) The estimated total amount to be raised by general rates in relation to each type or class of land, and the estimated total amount to be raised by general rates, compared with the previous financial year

Type or class of land	2017/18 \$	2018/19 \$	Change
General	2,558,205	2,409,093	-5.8%
Rural	5,408,554	5,763,589	6.6%
Total amount to be raised by rates	7,966,759	8,172,682	2.6%

4.1.1 (d) The number of assessments in relation to each type or class of land, and the total number of assessments, compared with the previous financial year

Type or class of land	2017/18 number	2018/19 number	Change
General	4,167	4,194	0.6%
Rural	3,570	3,575	0.1%
Total number of assessments	7,737	7,769	0.4%

4.1.1 (e) The basis of valuation is the Capital Improved Value (CIV).

4.1.1 (f) The estimated total value of each type or class of land, and the estimated total value of land, compared with the previous financial year

Type or class of land	2017/18 \$	2018/19 \$	Change
General	514,019,000	562,510,600	9.4%
Rural	1,220,740,500	1,511,709,700	23.8%
Total value of land	1,734,759,500	2,074,220,300	19.6%

4.1.1 (g) The municipal charge under Section 159 of the Act compared with the previous financial year

Type of charge	Per rateable property 2017/18 \$	Per rateable property 2018/19 \$	Change
Municipal	207	212	2.4%

4.1.1 (h) The estimated total amount to be raised by municipal charges compared with the previous financial year

Type of charge	2017/18 \$	2018/19 \$	Change
Municipal	1,160,028	1,196,740	3.2%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.1 (i) The rate or unit amount to be levied for each type or service rate or charge under Section 162 of the Act compared with the previous financial year

Type of charge	Per rateable property 2017/18 \$	Per rateable property 2018/19 \$	Change
Garbage collection 140 litre	260	273	5.0%
Garbage collection 240 litre	352	370	5.1%
Kerbside recycling 240 litre	98	103	5.1%

4.1.1 (j) The estimated total amount to be raised by each type of service rate or charge, and the estimated total amount to be raised by service rates and charges, compared with the previous financial year

Type of charge	2017/18 \$	2018/19 \$	Change
Garbage charge	943,252	996,397	5.6%
Kerbside recycling charge	336,826	357,307	6.1%
Total	1,280,078	1,353,704	5.8%

4.1.1 (k) The estimated total amount to be raised by all rates and charges compared with the previous financial year

	2017/18 \$	2018/19 \$	Change
General rates	7,966,759	8,172,682	2.6%
Municipal charge	1,160,028	1,196,740	3.2%
Garbage and kerbside recycling charge	1,280,078	1,353,704	5.8%
Total rates and charges	10,406,865	10,723,126	3.0%

4.1.1 (l) Fair Go Rates System Compliance

Loddon Shire Council is fully compliant with the State Government's Fair Go Rates System.

	2017/18 \$	2018/19 \$
Total rates base	8,947,830	9,163,249
Number of rateable properties	7,737	7,769
Base average rate	1,156.50	1,179.46
Maximum rate increase (set by State Government)	2.00%	2.25%
Capped average rate	1,179.63	1,206.00
Maximum general rates and municipal charges revenue	9,126,787	9,369,422
Budgeted general rates and municipal charges revenue	9,126,787	9,369,422

4.1.1 (m) Any significant changes that may affect the estimated amounts to be raised by rates and charges

There are no known significant changes which may affect the estimated amounts to be raised by rates and charges. However, the total amount to be raised by rates and charges may be affected by:

- the making of supplementary valuations
- the variation of returned levels of value (e.g. valuation objections)
- changes in use of land such that rateable land becomes non-rateable land and vice versa
- changes in use of land such that general rateable land becomes rural rateable land and vice versa.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.1 (n) Differential rates

The existing rating structure comprises one differential rate (rural properties) and a rate for general properties (residential and commercial). These rates are structured in accordance with the requirements of Section 161 "Differential Rates" of the Local Government Act.

The rate and amount of rates payable in relation to land in each category of differential are:

- a general rate of 0.4283 cents in the dollar of CIV for all rateable general properties
- a rural rate of 0.3813 cents in the dollar of CIV for all rateable rural properties.

Each differential rate will be determined by multiplying the Capital Improved Value of the rateable land by the relevant cents in the dollar indicated above.

Since 2014/15 Council has defined a differential rate split of 11%, with rural rates having a rate in the dollar of 89% of the general rate. Council considers this as a fair allocation of rates across property types.

Under the Cultural and Recreation Lands Act 1963, provision is made for a Council to grant a rating concession to any "recreational lands" which meet the test of being "rateable land" under the Local Government Act 1989. Council has exempted all rateable recreation land from the payment of rates.

4.1.2 Statutory fees and fines

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Building services	88,627	92,754	4,127	4.7%
Health Act	46,439	46,454	15	0.0%
Local laws	8,717	2,384	(6,333)	-72.7%
Other	15,616	13,000	(2,616)	-16.8%
Town planning fees	76,555	70,000	(6,555)	-8.6%
Total statutory fees and fines	235,954	224,592	(11,362)	-4.8%

Statutory fees relate mainly to fees and fines levied in accordance with legislation and include Public Health and Wellbeing Act 2008 registrations, Planning and Environment Act 1987 registrations, Building Act 1993 registrations, the Country Fire Authority Act 1958 registrations, and Domestic (Feral and Nuisance) Animals Act 1994 registrations. Increases in statutory fees are made in accordance with legislative requirements.

Statutory fees are forecast to decrease by 4.8% or \$11K compared to 2017/18.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.3 User fees

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Aged services fees	505,476	476,420	(29,056)	-5.7%
Animal management	44,193	44,462	269	0.6%
Building services	10,000	15,000	5,000	50.0%
Caravan park fees	370,032	371,490	1,459	0.4%
Emergency service	30,000	6,604	(23,396)	-78.0%
Gravel pit fees	35,000	123,654	88,654	253.3%
Other	59,688	26,091	(33,597)	-56.3%
Pre-schools	116,570	133,120	16,550	14.2%
Private works	228,708	47,734	(180,974)	-79.1%
Rental income	99,921	100,150	229	0.2%
Standpipes and truckwashes	43,525	45,037	1,512	3.5%
Tips and recycling fees	42,621	96,268	53,647	125.9%
Tourism	27,422	23,916	(3,506)	-12.8%
Total user fees	1,613,156	1,509,947	(103,209)	-6.4%

User charges relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include home and community care services, caravan park fees, gravel pit fees and royalties, Loddon Discovery Tour fees, rental from Council owned properties, and private works. A detailed listing of statutory fees and Council charges is available on Council's web site and can also be inspected at Council's customer service centre. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases do not exceed CPI increases or market levels. Council has many varied sources of user charges.

User charges are projected to decrease by 6.4% or \$103K from 2017/18. The main reductions include private works of \$181K, aged services of \$29K and emergency service fees of \$24K. The main increases include gravel pit fees of \$87K and tip and landfill fees of \$54K. Overall amongst other areas, Council plans to increase user charges for all areas by 2.0% in line with expected inflationary trends over the budget period to maintain parity between user charges and the costs of service delivery.

4.1.4 Grants

Grants are required by the Act and Regulations to be disclosed in Council's budget.

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Grants were received in respect of the following:				
Summary of grants				
Commonwealth funded grants	12,478,124	6,255,630	(6,222,494)	-49.9%
State funded grants	2,496,889	5,125,627	2,628,738	105.3%
Total grants received	14,975,013	11,381,257	(3,593,756)	-24.0%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.4 Grants (Continued)

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
(a) Operating grants				
Recurrent - Commonwealth Government				
Victoria Grants Commission - local roads	3,559,460	1,803,396	(1,756,064)	-49.3%
Victoria Grants Commission - general	4,871,786	2,435,761	(2,436,025)	-50.0%
Flood recovery	389,139	340,198	(48,941)	-12.6%
Recurrent - State Government				
Aged services	891,686	882,321	(9,365)	-1.1%
Community safety	5,775	15,425	9,650	167.1%
Environment management	50,000	-	(50,000)	-100.0%
Fire protection	-	5,000	5,000	100.0%
Fire Services Property Levy	41,615	-	(41,615)	-100.0%
Maternal and child health	138,572	137,039	(1,533)	-1.1%
Pre-schools	546,165	551,013	4,848	0.9%
Tips / landfills	7,018	7,159	141	2.0%
Youth initiatives	53,000	53,000	-	0.0%
Total recurrent grants	10,554,216	6,230,312	- 4,323,904	-41.0%
Non-recurrent State Government				
Community safety	20,000	-	(20,000)	-100.0%
Flood mitigation	29,750	-	(29,750)	-100.0%
Parks and streetscapes	70,279	-	(70,279)	-100.0%
Strategies and plans	3,000	-	(3,000)	-100.0%
Waterways	28,292	-	(28,292)	-100.0%
Total non-recurrent grants	151,321	-	(151,321)	-100.0%
Total operating grants	10,705,537	6,230,312	- 4,475,225	-41.8%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.4 Grants (Continued)

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
(b) Capital grants				
Recurrent - Commonwealth Government				
Roads to Recovery	3,657,739	1,676,275	(1,981,464)	-54.2%
Recurrent - State Government				
Nil	-	-	-	0.0%
Total - recurrent capital grants	3,657,739	1,676,275	(1,981,464)	-54.2%
Non-recurrent - Commonwealth Government				
Nil	-	-	-	0.0%
Non-recurrent - State Government				
Caravan parks	-	500,000	500,000	100.0%
Community facilities	-	2,624,670	2,624,670	100.0%
Flood mitigation	333,333	-	(333,333)	-100.0%
Road projects	156,666	350,000	193,334	123.4%
Streetscape projects	50,000	-	(50,000)	-100.0%
Swimming pools	41,738	-	(41,738)	-100.0%
Waterways	30,000	-	(30,000)	-100.0%
Total - non-recurrent capital grants	611,737	3,474,670	2,862,933	468.0%
Total - capital grants	4,269,476	5,150,945	881,469	20.6%

Operating Grants include all monies received from State and Federal sources for the purposes of funding the delivery of Council's services to ratepayers.

Capital Grants include all monies received from State and Federal sources for the purposes of funding the capital works program.

4.1.5 Contributions

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Monetary	85,000	310,000	225,000	264.7%
Non-monetary	-	-	-	0.0%
Total contributions	85,000	310,000	225,000	264.7%

Contributions relate to monies paid by community groups and external parties towards capital and recurrent related projects.

Contributions are budgeted to decrease by \$225K from 2017/18 to 2018/19.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.6 Reimbursements

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Fuel rebate	135,000	137,000	2,000	1.5%
Insurance claims	72,062	-	(72,062)	-100.0%
Other	45,643	5,671	(39,972)	-87.6%
Staff reimbursement	79,741	94,463	14,722	18.5%
Workcover	96,186	96,667	481	0.5%
Total reimbursements	428,632	333,801	- 94,830	-22.1%

Reimbursements include diesel fuel rebates from the Taxation Office, insurance rebates, Workcover reimbursements, and training reimbursements. Reimbursements are projected to decrease by \$95K to just over \$0.33 million in 2018/19.

4.1.7 Vic Roads

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Routine maintenance	489,064	489,064	-	0.0%
Approved maintenance	4,429	15,000	10,571	238.7%
Provisional sum items	28,188	30,000	1,812	6.4%
Total Vic Roads	521,681	534,064	12,383	2.4%

Council's contract with Vic Roads includes an "as of right" amount for routine maintenance works. Income from Vic Roads is projected to increase by 2.4% or \$12K in 2018/19 in line with expected CPI for this income source. This will be offset by an increase in expenditure in this area.

4.1.8 Other income

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Interest	428,000	375,000	(53,000)	-12.4%
Reversal of impairment losses	3,879	-	(3,879)	-100.0%
Total other income	431,879	375,000	(56,879)	-13.2%

Other income relates to a range of items such as interest revenue on investments and rate arrears.

Other income is forecast to decrease by 13.2% or \$57K compared to 2017/18. This is mainly due to a forecast reduction in Council's available cash reserves during 2018/19 to fund major infrastructure projects.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.9 Employee costs

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Wages and salaries	9,978,253	10,604,210	625,957	6.3%
Workcover	118,737	117,766	(971)	-0.8%
Superannuation	950,813	980,655	29,842	3.1%
Fringe benefits tax	101,490	106,800	5,310	5.2%
Total other income	11,149,293	11,809,431	660,138	5.9%

Employee costs include all labour related expenditure such as wages and salaries and on-costs such as allowances, leave entitlements, employee superannuation, rostered days off, Workcover premium and Fringe Benefits Tax for all salaries and wages. Salaries and wages that relate to capital works are not included in operating expenditure but is included in the tables below for full transparency.

Employee costs are projected to increase by approximately 5.9% or \$660K from 2017/18 to 2018/19.

4.1.10 Materials, services and contracts

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Aged services	710,919	226,776	(484,143)	-68.1%
Animal management	52,613	18,172	(34,442)	-65.5%
Building control	16,855	11,512	(5,343)	-31.7%
Building maintenance	448,517	184,870	(263,647)	-58.8%
Caravan parks	339,375	293,791	(45,584)	-13.4%
Commercial and rental properties	65,560	64,215	(1,344)	-2.1%
Community support	406,139	376,134	(30,005)	-7.4%
Disability access	40,250	84,565	44,315	110.1%
Early years	215,551	241,274	25,723	11.9%
Economic development and tourism	320,878	232,622	(88,256)	-27.5%
Emergency management	113,047	10,715	(102,332)	-90.5%
Environment	266,866	14,500	(252,366)	-94.6%
Fire prevention	51,340	56,525	5,185	10.1%
Governance and administration	628,479	641,140	12,661	2.0%
Gravel pits	365,000	25,431	(339,569)	-93.0%
Halls and community centres	376,009	52,829	(323,179)	-85.9%
Health control	30,835	24,860	(5,975)	-19.4%
Heritage and culture	206,562	2,040	(204,522)	-99.0%
Information systems	428,833	491,499	62,666	14.6%
Library	203,491	206,070	2,579	1.3%
Local laws	8,246	7,025	(1,221)	-14.8%
Parks and streetscapes	539,168	494,016	(45,152)	-8.4%
Planning services	30,313	16,100	(14,213)	-46.9%
Plant operating	1,196,026	1,517,353	321,327	26.9%
Recreation support	141,809	144,305	2,496	1.8%
Road maintenance	604,607	446,313	(158,294)	-26.2%
Sporting reserves	154,499	-	(154,499)	-100.0%
Staff costs	388,703	288,058	(100,645)	-25.9%
Standpipes	38,550	39,924	1,374	3.6%

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.10 Materials, services and contracts (continued)

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Strategies and plans	299,085	341,707	42,622	14.3%
Street lighting	31,500	33,075	1,575	5.0%
Swimming pools	463,897	384,649	(79,248)	-17.1%
Tips / transfer stations	319,139	665,946	346,807	108.7%
Valuations	361,002	177,944	(183,058)	-50.7%
Waste collection	670,684	762,269	91,585	13.7%
Waterways	373,053	79,733	(293,320)	-78.6%
Workshop and depots	85,359	82,279	(3,080)	-3.6%
Youth initiatives	67,777	59,000	(8,777)	-12.9%
Total materials, services and contracts	11,060,536	8,799,238	(2,261,298)	-20.4%

Materials, services and contracts include the purchase of consumables, payments to contractors for the provision of services and utility costs. Materials, services and contracts are forecast to decrease by 20.4% or \$2.26 million compared to 2017/18. They relate to operating expenditure only, **and do not include the purchase of goods, services, or consumables, or payments to contractors for capital works projects.**

The decrease is largely due reductions in the carry over amounts for packaged care services of \$484K, reduction in spending for the weed and pest program of \$250K and projected increases are expected in waste collection of \$92K and tips/landfill costs of \$347K.

4.1.11 Depreciation and amortisation

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Roads	4,902,884	5,025,456	122,572	2.5%
Buildings	1,736,717	1,780,134	43,417	2.5%
Plant and equipment	1,204,205	1,234,310	30,105	2.5%
Bridges	325,414	333,549	8,135	2.5%
Urban drains	223,688	229,280	5,592	2.5%
Furniture and equipment	104,310	106,918	2,608	2.5%
Footpaths	176,615	181,030	4,415	2.5%
Kerb and channel	114,927	117,801	2,874	2.5%
Landfills	156,465	160,377	3,912	2.5%
Street furniture	29,032	29,758	726	2.5%
Quarries	2,318	2,376	58	2.5%
Total depreciation and amortisation	8,976,575	9,200,989	224,414	2.5%

Depreciation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The increase of 2.5% or \$224K for 2018/19 is due mainly to the completion of the 2017/18 capital works program and the full year effect of depreciation on the 2018/19 program.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.1 Comprehensive income statement (continued)

4.1.12 Other expenses

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Change \$	Change %
Councillors' emoluments	220,078	221,089	1,011	0.5%
Internal audit remuneration	41,820	42,029	209	0.5%
External audit remuneration	42,840	43,054	214	0.5%
Impairment of interest free loans	-	-	-	0.0%
Total other expenses	304,738	306,172	1,434	0.5%

Other expenses include councillors' costs, auditors' remuneration and other minor expenses.

Other expenses are forecast to increase by 0.5% or \$1K compared to 2017/18.

4.1.13 Adjusted underlying surplus

This section analyses the operating budget including expected income and expenses of the Council for the 2018/19 year.

Details	Ref	Forecast 2017/18 \$	Budget 2018/19 \$	Variance \$
Total income		28,737,971	25,391,787	- 3,346,184
Total expenditure		(31,491,142)	(30,115,830)	1,375,312
Surplus (deficit) for the year		(2,753,171)	(4,724,043)	- 1,970,872
Grants - capital non-recurrent	4.1.4	611,737	3,474,670	2,862,933
Capital contributions	4.1.5	85,000	310,000	225,000
Adjusted underlying surplus (deficit)		(2,056,434)	(939,373)	1,117,061

The adjusted underlying result is the net surplus or deficit for the year adjusted for non-recurrent capital grants, non-monetary asset contributions and capital contributions from other sources. It is a measure of financial sustainability and Council's ability to achieve its service delivery objectives as it is not impacted by capital income items which can often mask the operating result. The underlying result for the 2018/19 year is a surplus of \$0.94 million which is a decrease of \$1.12 million from the 2017/18 year. In calculating the adjusted underlying result, Council has excluded grants received for capital purposes which are non-recurrent and capital contributions from other sources. Contributions of non-monetary assets are excluded as the value of assets assumed by Council is dependent on the level of development activity each year.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.2 Balance sheet

4.2.1 Assets

Cash and cash equivalents include cash and investments such as cash held in the bank and in petty cash and the value of investments in deposits or other highly liquid investments with short term maturities of three months or less. These balances are projected to decrease by \$6.7 million during the year mainly due the expectation to have most capital projects complete by 30 June and the 50% prepayment of the grants commission return in 2017/18.

Trade and other receivables are monies owed to Council by ratepayers and others. Short term debtors are not expected to change significantly in the budget. Long term debtors (non-current) relating to loans to community organisations will decrease slightly in accordance with agreed repayment terms.

Other assets includes items such as prepayments for expenses that Council has paid in advance of service delivery, inventories or stocks held for sale or consumption in Council's services and other revenues due to be received in the next 12 months.

Property, infrastructure, plant and equipment is the largest component of Council's worth and represents the value of all land, buildings, roads, vehicles, equipment, etc. which has been built up by Council over many years. The \$11.94 million increase in this balance is attributable to the net result of the capital works program (\$14.83 million in 2017/18 and \$11.76 million in 2018/19), depreciation of assets (\$8.98 million in 2017/18 and \$9.20 million in 2018/19) and the income through sale of property, plant and equipment.

Investments in associates and joint ventures represents Council's equity in the North Central Regional Goldfields Library. The change in equity has been inconsistent in the past with some years increasing and other years decreasing, so for budgeting purposes, the equity has not been changed. Non-current assets held for resale is land and/or buildings that Council can confidently state will be sold within a short period of time.

4.2.2 Liabilities

Trade and other payables are those to whom Council owes money as at 30 June. These liabilities are budgeted to reduce by \$0.07 million in 2018/19 levels due to a reduction in material and services costs.

Employee benefit include accrued long service leave, annual leave and rostered days off owing to employees. These employee entitlements are expected to decrease by \$0.07 million (current liability) and increase by \$0.21 million (non current liability) due to increases in employee service years.

4.2.3 Equity

Total equity always equals net assets and is made up of the following components:

- asset revaluation reserve which represents the difference between the previously recorded value of assets and their current valuations
- other reserves that are funds that Council wishes to separately identify as being set aside to meet a specific purpose in the future and to which there is no existing liability. These amounts are transferred from the accumulated surplus of the Council to be separately disclosed
- accumulated surplus which is the value of all net assets less reserves that have accumulated over time. \$2.75 million of the \$2.40 million increase in accumulated surplus results directly from the surplus for the year. This is offset by an amount of \$5.25 million net is budgeted to be transferred to and from other reserves to accumulated surplus. This reflects the usage of Council's reserves to partly fund the capital works program and other specified projects. This is a transfer between equity balances and does no impact on the total balance of equity.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.2 Balance sheet

4.2.4 Borrowings

The table below shows information on borrowings specifically required by the Regulations.

	Forecast Actual 2017/18 \$	Budget 2018/19 \$
Total amount borrowed as at 30 June of the prior year	-	-
Total amount to be borrowed	-	-
Total amount projected to be redeemed	-	-
Total amount proposed to be borrowed as at 30 June	-	-

In developing the Strategic Resource Plan (SRP) borrowings may be identified as an important funding source for capital works programs. In the past Council has borrowed to finance large projects and since then has been in a phase of debt reduction. This has resulted in a reduction in debt servicing costs, but has meant that cash and investment reserves have been used as an alternate funding source to maintain robust capital works programs.

In general, Council has adopted a policy to remain debt free except for situations where funding was required to deliver significant capital projects. The Council has elected to not borrow any further funds at this time.

In 2015/16 final loan payments were made which finalises all of Council's borrowings.

For the 2018/19 year, Council has decided not to take out any new borrowings to fund the capital works program.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity

4.3.1 Reserves

Council undertakes reserves budgeting in order to provide for future expenditure while reducing the impact of purchases on the current year budget.

The following reserves are currently in use by Council:

Land and buildings reserve

The Land and Buildings Reserve is used to fund the acquisition of land and buildings. Funds received from the sale of Council owned land and buildings are transferred to the reserve.

Professional development reserve

The Professional Development Reserve is used to fund professional development undertaken by executive officers of Council. An annual allocation is provided to each officer and that amount is transferred to the reserve annually, while the cost of professional development undertaken during the year is transferred from the reserve.

Unspent grants reserve

The Unspent Grants Reserve has been established for situations where Council has received funding via an external party and those funds remain unspent at the end of the financial year.

Capital expenditure reserve

The Capital Expenditure Reserve is used to set aside funds that have been budgeted for capital works projects in one financial year but will not be fully expended by the end of that year. The funds will be transferred to the reserve in the budget year, and transferred from the reserve in the following financial year, or in the year that the funds are expended for the specific project.

Information technology reserve

The Information Technology Reserve is used to set aside monies for the purchase of information technology assets. The reserve outlines the annual cost of information technology for Council and the amounts required to be set aside in reserve for future asset purchases.

Valuations reserve

The Valuations Reserve is used to fund the cost of Council's bi-annual valuations for rating purposes. Council transfers from the reserve the net cost of valuations and transfers to the reserve an annual allocation to ensure the reserve remains high enough to fund future revaluations.

Units reserve

The Units Reserve is used to fund the purchase or improvement of Council owned elderly persons' units. The surplus generated from rental income is transferred to the reserve annually. The cost of major improvements is transferred from the reserve annually.

Economic development reserve

The Economic Development Reserve is used to set aside funds to assist with economic development initiatives that Council wishes to financially support. Council transfers to the reserve a set amount determined during the budget process and transfers from the reserve the cost of economic development initiatives within the year.

Skinnners Flat water reserve

The Skinnners Flat Water Reserve is used to fund major repairs and capital works at the Skinnners Flat Water Supply. The surplus on operations of the water supply is transferred to reserve annually and the cost of major repairs and capital works is transferred from the reserve.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.1 Reserves (continued)

Community planning reserve

The Community Planning Reserve has been established for situations where projects are budgeted in one year but for various reasons are unable to be delivered and are therefore deferred until the following year.

Plant replacement reserve

The Plant Replacement Reserve is used to fund plant purchases. Council transfers to the reserve a fixed amount annually and transfers from the reserve the net cost of plant purchases for the year.

Fleet replacement reserve

The Fleet Replacement Reserve is used to fund the replacement of office vehicles. Council transfers to the reserve a fixed amount annually and transfers from the reserve the net cost of fleet purchases for the year.

GSP reserve

The Gravel and Sand Pit (GSP) Reserve is used to fund land purchase, development and restoration of gravel and sand pits used by Council for the extraction of gravel. The budgeted surplus on operations of the pits is transferred to the reserve annually and the cost of purchasing new sites, development and restoration of the pits is transferred from the reserve.

Urban drainage reserve

The Urban Drainage Reserve is used to fund urban drainage works in the towns within the Shire. Council transfers to the reserve annually a budgeted amount, and transfers from the reserve the cost of urban drainage works for the year.

Waste management reserve

The Waste Management Reserve has been established to assist with the cost of strategic projects, compliance and long term planning for Council's landfills and transfer stations. Council transfers to the reserve annually \$10 per kerbside collection levy (or a pro-rata amount for a pro-rata collection). Council transfers from the reserve the cost of strategic projects, compliance and long term planning within Council landfills and transfer stations.

Reserves improvement reserve

The Reserves Improvement Reserve is an allocation of funds used to provide interest free loans to community groups. Usually there are no transfers to or from this reserve.

Lake Boort water reserve

The Lake Boort Water Reserve was established with funds generated from sale of water allocations not required for immediate use in Little Lake Boort. The reserve is used to purchase replacement water at an appropriate time, or may be used for other purposes specific to Lake Boort.

Caravan park development reserve

The Caravan Park Development Reserve has been established to assist with funding major projects at Council's caravan parks. Council transfers to the reserve annually the surplus on operations of its caravan parks, and transfers from the reserve the cost of major projects undertaken at Council's caravan parks during the year.

Unfunded superannuation liability reserve

The Unfunded Superannuation Liability Reserve is used to repay any potential unfunded superannuation liability arising from the LAS Defined Benefits Plan Scheme. Council transfers to the reserve amounts allocated in the budget, and transfers from the reserve payments made to Vision Super Pty. Ltd. for the unfunded superannuation liability.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.1 Reserves (continued)

Unspent contributions reserve

The Unspent Contributions Reserve is used to set aside contributions received for a specific purpose in one financial year that will not be expended until a later financial year. The funds will be transferred to the reserve in the year the funds are received, and transferred from the reserve in the year that the funds are expended for that purpose.

War memorial reserve

The War Memorial Reserve is used to fund the cost of maintaining and renewing war memorials across the Shire. Council transfers funds to the reserve as required and transfers the cost of works to war memorials from reserve.

Heritage loan scheme reserve

The Heritage Loan Scheme Reserve is used to provide land owners of properties located in significant heritage precincts, heritage registered buildings or structures of local heritage significance, with loans to enable repair and maintenance of those buildings with the aims of quality appearance and public safety.

Major projects reserve

The Major Projects Reserve is used to assist with the funding of major projects identified by Council. Council transfers funds to the reserve annually an amount determined during the budget process as sufficient to fund the major projects program and transfers the funds required to finance major works undertaken at Council's discretion.

Unightly premises enforcement provision reserve

The Unightly Premises Enforcement Provision Reserve is used to provide funds to assist with the enforcement and rectification works on determined unightly premises with costs recouped via legal or other action.

Swimming pool major projects reserve

The Swimming Pool Major Projects Reserve is used to fund unplanned major repairs and capital works at the various swimming pool sites across the Shire.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.2 Transfers to and from reserves

The following is a summary of the projected reserves position for the year ended 30 June 2018:

2017/18 reserves - as per projected forecast				
Name of reserve	Balance at 1 July 2017 \$	Transfers to reserves \$	Transfers from reserves \$	Balance at 30 June 2018 \$
Land and buildings reserve	280,354	505,000	784,080	1,274
Professional development reserve	(2,118)	8,000	-	5,882
Unspent grants reserve	7,683,212	4,349,156	7,683,212	4,349,156
Capital expenditure reserve	3,141,720	900,000	3,141,720	900,000
Information technology reserve	1,226,469	185,000	484,701	926,768
Valuation reserve	190,895	15,000	160,000	45,895
Units reserve	77,129	16,265	-	93,394
Economic development reserve	120,035	100,000	201,855	18,180
Skinner's Flat reserve	12,908	-	-	12,908
Community planning reserve	901,067	500,000	901,067	500,000
Plant replacement reserve	1,769,860	850,000	375,670	2,244,190
Fleet replacement reserve	676,845	150,000	562,000	264,845
GSP restoration reserve	773,703	35,000	365,993	442,710
Urban drainage reserve	704,551	250,000	572,596	381,955
Waste management reserve	283,147	34,370	-	317,517
Lake Boort water reserve	20,303	-	-	20,303
Reserves improvement reserve	100,000	-	-	100,000
Caravan park development reserve	264,967	75,239	55,900	284,306
Superannuation liability reserve	1,000,000	-	303,576	696,424
Unspent contributions reserve	987	-	987	-
War memorial reserve	3,000	-	-	3,000
Heritage loan scheme	100,000	-	-	100,000
Major projects reserve	99,796	-	-	99,796
Unightly premises enforcement	100,000	-	-	100,000
Swimming pool major projects	50,000	50,000	-	100,000
TOTAL	19,578,830	8,023,030	15,593,357	12,008,503

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.2 Transfers to and from reserves (continued)

The following is a summary of the budgeted reserves position for the year ended 30 June 2019:

2018/19 reserves - as per budget				
Name of reserve	Balance at 1 July 2018 \$	Transfers to reserves \$	Transfers from reserves \$	Balance at 30 June 2019 \$
Land and buildings reserve	1,274	-	-	1,274
Professional development reserve	5,882	8,000	-	13,882
Unspent grants reserve	4,349,156	-	4,239,156	110,000
Capital expenditure reserve	900,000	-	50,000	850,000
Information technology reserve	926,768	185,000	876,914	234,854
Valuation reserve	45,895	-	40,000	5,895
Units reserve	93,394	15,669	-	109,063
Economic development reserve	18,180	100,000	105,000	13,180
Skinner's Flat reserve	12,908	-	-	12,908
Community planning reserve	500,000	-	-	500,000
Plant replacement reserve	2,244,190	873,031	941,936	2,175,285
Fleet replacement reserve	264,845	218,375	85,854	397,366
GSP restoration reserve	442,710	123,654	50,034	516,330
Urban drainage reserve	381,955	370,000	650,000	101,955
Waste management reserve	317,517	34,690	7,700	344,507
Lake Boort water reserve	20,303	-	-	20,303
Reserves improvement reserve	100,000	-	-	100,000
Caravan park development reserve	284,306	72,138	355,000	1,444
Superannuation liability reserve	696,424	101,192	-	797,616
Unspent contributions reserve	-	-	-	-
War memorial reserve	3,000	-	-	3,000
Heritage loan scheme	100,000	-	-	100,000
Major projects reserve	99,796	-	-	99,796
Unightly premises enforcement	100,000	-	-	100,000
Swimming pool major projects	100,000	50,000	-	150,000
TOTAL	12,008,503	2,151,749	7,401,594	6,758,658

By including the above transfers from reserves it is expected that reserve levels decrease by approximately \$1.0 million, leaving a balance of \$7.44 million in the reserves account.

4.3.3 Details of reserves

The following schedule provides details of each of the reserve transfers for 2018/19:

Land and buildings reserve			
Opening balance			1,274
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A		-
Closing balance			1,274

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.3 Details of reserves (continued)

Professional development reserve			
Opening balance			5,882
ADD transfer to reserve			
Annual allocation	Activity 461	8,000	8,000
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			13,882

Unspent grants reserve			
Opening balance			4,349,156
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Grants Commission 50% upfront payment	Activity 421	(4,239,156)	(4,239,156)
Closing balance			110,000

Capital expenditure reserve			
Opening balance			900,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Livestock pound	Activity 692	(50,000)	(50,000)
Closing balance			850,000

Information technology reserve			
Opening balance			926,768
ADD transfer to reserve			
Annual allocations for major purchases	Activity 461	185,000	185,000
LESS transfer from reserve			
Server Replacement	Activity 434	(50,000)	
IT strategy implementation - staff	Activity 434	(99,134)	
IT strategy implementation	Activity 434	(660,000)	
PC replacement	Activity 491	(53,500)	
Asset Edge devices	Activity 491	(14,280)	(876,914)
Closing balance			234,854

Valuation reserve			
Opening balance			45,895
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Expenditure for 2018/19	Activity 436	(40,000)	(40,000)
Closing balance			5,895

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.3 Details of reserves (continued)

Units reserve			
Opening balance			93,394
ADD transfer to reserve			
Surplus for 2018/19	Activity 634	15,669	15,669
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			109,063
Economic development reserve			
Opening balance			18,180
ADD transfer to reserve			
Yearly allocation	Activity 461	100,000	100,000
LESS transfer from reserve			
Project scoping	Activity 110	(15,000)	
Agribusiness Forum	Activity 131	(10,000)	
Economic development strategy	Activity 131	(80,000)	(105,000)
Closing balance			13,180
Skinner's flat reserve			
Opening balance			12,908
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			12,908
Community planning reserve			
Opening balance			500,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			500,000
Plant replacement reserve			
Opening balance			2,244,190
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	873,031	873,031
LESS transfer from reserve			
Net cost of plant replacement	Activity 391	(941,936)	(941,936)
Closing balance			2,175,285

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.3 Details of reserves (continued)

Fleet replacement reserve			
Opening balance			264,845
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	218,375	218,375
LESS transfer from reserve			
Net cost of fleet replacement	Activity 391	(85,854)	(85,854)
Closing balance			397,366
GSP restoration reserve			
Opening balance			442,710
ADD transfer to reserve			
Income from gravel pits	Activity 380	123,654	123,654
LESS transfer from reserve			
Expenditure from gravel pits	Activity 380	(50,034)	(50,034)
Closing balance			516,330
Urban drainage reserve			
Opening balance			381,955
ADD transfer to reserve			
Annual allocation	Activity 461	370,000	370,000
LESS transfer from reserve			
Drainage program	Activity 371	(650,000)	(650,000)
Closing balance			101,955
Waste management reserve			
Opening balance			317,517
ADD transfer to reserve			
Kerbside collection	Activity 512	34,690	34,690
LESS transfer from reserve			
Waste management strategy	Activity 510	(7,700)	(7,700)
Closing balance			344,507
Reserves improvement reserve			
Opening balance			100,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			100,000

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.3 Details of reserves (continued)

Lake Boort water reserve			
Opening balance			20,303
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			<u>20,303</u>
Caravan park development reserve			
Opening balance			284,306
ADD transfer to reserve			
Surplus of caravan park operations	Activity 123	72,138	72,138
LESS transfer from reserve			
Capital works program	Activity 123	(325,000)	
Tree works	Activity 123	(15,000)	(15,000)
Wedderburn entrance works	Activity 123	(15,000)	(340,000)
Closing balance			<u>1,444</u>
Superannuation liability reserve			
Opening balance			696,424
ADD transfer to reserve			
Wedderburn streetscape return funds	Activity 461	101,192	101,192
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			<u>797,616</u>
Unspent contributions reserve			
Opening balance			-
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			<u>-</u>
War memorial reserve			
Opening balance			3,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			<u>3,000</u>

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.3 Details of reserves (continued)

Major projects reserve			
Opening balance			99,796
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			99,796
Unsightly premises enforcement provision			
Opening balance			100,000
ADD transfer to reserve			
Nil	N/A	-	-
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			100,000
Swimming pool major projects reserve			
Opening balance			100,000
ADD transfer to reserve			
Annual allocation to reserve	Activity 461	50,000	50,000
LESS transfer from reserve			
Nil	N/A	-	-
Closing balance			150,000

4.3.4 Equity

Total equity always equals net assets and is made up of the asset revaluation reserve, other reserves and the accumulated surplus.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.3 Statement of changes in equity (continued)

4.3.5 Working capital (\$5.59 million decrease)

Working capital is the excess of current assets above current liabilities. The calculation recognises that although Council has current assets, some of those assets are committed to the future settlement of liabilities and therefore are not available for discretionary spending.

Some of Council's cash assets are restricted in that they are required by legislation to be held in reserve for specific purposes or are held to fund carry forward capital works from the previous financial year.

	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Variance \$
Current assets	18,672,113	11,975,962	6,696,151
Current liabilities	2,879,019	2,721,774	157,245
Working capital	15,793,094	9,254,188	6,538,906
Intended allocation assets			
- Discretionary reserves	(12,008,503)	(6,758,658)	(5,249,845)
- Long service leave	(1,809,316)	(1,909,316)	100,000
Restricted allocation assets			
- Trust funds and deposits	(384,216)	(365,005)	(19,211)
Unrestricted working capital	1,591,059	221,209	1,369,850

In addition to the restricted assets above, Council is also projected to hold \$7.44 million in discretionary reserves at 30 June 2019. Although not restricted by a statutory purpose, Council has made decisions regarding the future use of these funds and unless there is a Council resolution, these funds are to be used for those earmarked purposes.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.4 Statement of cash flows

This section of the report analyses the expected cash flows from the operating, investing and financing activities of Council for the 2018/19 year. Budgeting cash flows for Council is a key factor in setting the level of rates and providing a guide to the level of capital expenditure that can be sustained with or without using existing cash reserves.

4.4.1 Net cash flows provided by / (used in) operating activities

Operating activities - Refers to the cash generated or used in the normal service delivery functions of Council. Cash remaining after paying for the provision of services to the community may be available for investment in capital works, or repayment of debt.

The decrease in cash flows from operating activities is due mainly to a \$4.6 million decrease in operating grants and \$0.09 million increase in capital grants, which is partially offset by a slight increase in rates and charges, which includes an increase in rates of 2.25% and garbage related charges of 5.0%.

4.4.2 Net cash flows provided by / (used in) investing activities

Investing activities - Refers to cash generated or used in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property and equipment.

The large decrease in payments for investing activities represents a decrease in capital works expenditure. Term deposits are also expected to decrease by \$12.4 million.

4.4.3 Net cash flows provided by / (used in) financing activities

Financing activities - Refers to cash generated or used in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities include repayment of the principle component of loan repayments for the year.

Council's borrowings were fully extinguished in the 2015/16 financial year. No new are borrowings are budgeted in 2018/19.

4.4.4 Cash and cash equivalents at the end of the year

Overall, total cash and investments is forecast to decrease by \$6.63 million to \$8.83 million as at 30 June 2019, although the cash position will be determined by a number of factors including collection of outstanding amounts during the year, payment cycle for Council's creditors and movement in trust funds.

Cash and cash equivalents held by Council are restricted in part, and not fully available for Council's operations. The budgeted cash flow statement above indicates that Council is estimating at 30 June 2019 it will have unrestricted cash and investments of \$0.2 million, which has been restricted as shown in the following table.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.4 Statement of cash flows (continued)

4.4.4 Cash and cash equivalents at the end of the year (continued)

	Ref	Forecast Actual 2017/18 \$	Budget 2018/19 \$	Variance \$
Total cash and investments		15,457,675	8,828,226	(6,629,449)
Intended allocation assets				
Long service leave	4.4.5	(1,809,316)	(1,909,316)	(100,000)
Discretionary reserves	4.4.6	(12,008,503)	(6,758,658)	5,249,845
Restricted allocation assets				
Trust funds and deposits		(384,216)	(365,005)	19,211
Unrestricted cash adjusted for discretionary reserves	4.4.7	1,255,640	(204,753)	(1,460,393)

4.4.5 Long service leave

Council has continued to treat funds set aside for employees long service leave as restricted cash. The increase in the variance is due to increased years of service by employees and increases in wage rates through the enterprise bargaining agreement.

4.4.6 Discretionary reserves

These funds are shown as a discretionary reserve as, although not restricted by a statutory purpose, Council has made decision regarding the future use of these funds and unless there is a Council resolution these funds should be used for those earmarked purposes. The decisions about future use of these funds has been reflected in Council's Strategic Resource Plan and any changes in future use of the funds will be made in the context of the future funding requirements set out in the plan.

4.4.7 Unrestricted cash and investments

These funds are free of all specific Council commitments and represent funds available to meet daily cash flow requirements, unexpected short term needs and any budget commitments which will be expended in the following year such as grants and contributions. Council regards these funds as the minimum necessary to ensure that it can meet its commitments as and when they fall due without borrowing further funds.

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.5 Capital works program

This section presents a listing of the capital works projects that will be undertaken for the 2018/19 year.

The capital works projects are grouped by class and include the following:

- new works for 2018/19
- works carried forward from the 2017/18 year.

4.5.1 New works by asset expenditure type

Capital works area	Project cost	Asset expenditure types			
		New \$	Renewal \$	Upgrade \$	Expansion \$
Property					
Land	-	-	-	-	-
Land improvements	-	-	-	-	-
Total land	-	-	-	-	-
Buildings	500,000	-	500,000	-	-
Building improvements	290,000	-	290,000	-	-
Total buildings	790,000	-	790,000	-	-
Total property	790,000	-	790,000	-	-
Plant and equipment					
Plant, machinery and equipment	1,427,213	1,427,213	-	-	-
Computers and telecommunications	777,780	660,000	117,780	-	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	2,204,993	2,087,213	117,780	-	-
Infrastructure					
Roads	2,708,725	-	1,313,725	1,395,000	-
Bridges	950,700	-	950,700	-	-
Footpaths	237,000	-	237,000	-	-
Drainage	350,000	-	-	350,000	-
Recreation leisure and community facilities	3,772,670	-	-	1,218,000	2,554,670
Parks, open space and streetscapes	350,000	-	100,000	250,000	-
Other infrastructure	-	-	-	-	-
Total infrastructure	8,369,095	-	2,601,425	3,213,000	2,554,670
Total new works	11,364,088	2,087,213	3,509,205	3,213,000	2,554,670

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.5 Capital works program (continued)

4.5.2 New works by funding source

Capital works area	Project cost	Funding sources			
		Grants \$	Reserves \$	Council funded \$	Sale of assets \$
Property					
Land	-	-	-	-	-
Land improvements	-	-	-	-	-
Total land	-	-	-	-	-
Buildings	500,000	-	-	500,000	-
Building improvements	290,000	-	-	290,000	-
Total buildings	790,000	-	-	790,000	-
Total property	790,000	-	-	790,000	-
Plant and equipment					
Plant, machinery and equipment	1,427,213	-	1,027,790	20,000	379,423
Computers and telecommunications	777,780	-	777,780	-	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	2,204,993	-	1,805,570	20,000	379,423
Infrastructure					
Roads	2,708,725	1,676,275	-	1,032,450	-
Bridges	950,700	350,000	-	600,700	-
Footpaths	237,000	-	-	237,000	-
Drainage	350,000	-	350,000	-	-
Recreation leisure and community facilities	3,772,670	3,124,670	340,000	308,000	-
Parks, open space and streetscapes	350,000	-	-	350,000	-
Other infrastructure	-	-	-	-	-
Total infrastructure	8,369,095	5,150,945	690,000	2,528,150	-
Total new works	11,364,088	5,150,945	2,495,570	3,338,150	379,423

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.5 Capital works program (continued)

4.5.3 Works carried forward from the 2017/18 year by asset expenditure type

Capital works area	Project cost	Asset expenditure types			
		New \$	Renewal \$	Upgrade \$	Expansion \$
Property					
Land	-	-	-	-	-
Land improvements	66,747	5,000	61,747	-	-
Total land	66,747	5,000	61,747	-	-
Buildings	-	-	-	-	-
Building improvements	-	-	-	-	-
Total buildings	-	-	-	-	-
Total property	66,747	5,000	61,747	-	-
Plant and equipment					
Plant, machinery and equipment	-	-	-	-	-
Computers and telecommunications	-	-	-	-	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	-	-	-	-	-
Infrastructure					
Roads	-	-	-	-	-
Bridges	-	-	-	-	-
Footpaths	-	-	-	-	-
Drainage	-	-	-	-	-
Recreation leisure and community facilities	325,000	-	-	15,000	310,000
Parks, open space and streetscapes	-	-	-	-	-
Other infrastructure	-	-	-	-	-
Total infrastructure	325,000	-	-	15,000	310,000
Total carried forward works	391,747	5,000	61,747	15,000	310,000

4 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.5 Capital works program (continued)

4.5.4 Works carried forward from the 2017/18 year by funding source

Capital works area	Project cost	Funding sources			
		Grants \$	Reserves \$	Council funded \$	Sale of assets \$
Property					
Land	-	-	-	-	-
Land improvements	66,747	-	61,747	5,000	-
Total land	66,747	-	61,747	5,000	-
Buildings	-	-	-	-	-
Building improvements	-	-	-	-	-
Total buildings	-	-	-	-	-
Total property	66,747	-	61,747	5,000	-
Plant and equipment					
Plant, machinery and equipment	-	-	-	-	-
Computers and telecommunications	-	-	-	-	-
Fixtures fittings and furniture	-	-	-	-	-
Total plant and equipment	-	-	-	-	-
Infrastructure					
Roads	-	-	-	-	-
Bridges	-	-	-	-	-
Footpaths	-	-	-	-	-
Drainage	-	-	-	-	-
Recreation leisure and community facilities	325,000	-	15,000	310,000	-
Parks, open space and streetscapes	-	-	-	-	-
Other infrastructure	-	-	-	-	-
Total infrastructure	325,000	-	15,000	310,000	-
Total carried forward works	391,747	-	76,747	315,000	-

5 FINANCIAL PERFORMANCE INDICATORS

Indicator	Measure	Notes	Actual	Forecast	Budget	Trend
			2016/17	2017/18	2018/19	+ / O / -
Operating position						
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	9.83%	-13.70%	-38.30%	-
Liquidity						
Working capital	Current assets / Current liabilities	2	790.25%	648.56%	440.01%	-
Unrestricted cash	Unrestricted cash / Current liabilities		-3.85%	43.61%	-7.52%	-
Obligations						
Loan and borrowings	Loans and borrowings / Rate revenue	3	0.00%	0.00%	0.00%	O
Loan and borrowings	Interest and principal repayments on interest bearing loans and borrowings / Rate revenue		0.00%	0.00%	0.00%	O
Indebtedness	Non-current liabilities / Own source revenue		12.52%	14.93%	16.98%	+
Asset renewal	Asset renewal expenses / Asset depreciation	4	33.93%	43.84%	38.81%	O
Stability						
Rates concentration	Rates revenue / Adjusted underlying revenue	5	32.05%	41.49%	48.26%	O
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.58%	0.60%	0.52%	O
Efficiency						
Expenditure level	Total expenses / No. of property assessments		\$3,670	\$4,070	\$3,876	O
Revenue level	Residential rate revenue / No. of residential property assessments		\$993	\$963	\$983	O
Workforce turnover	No. of permanent staff resignations and terminations / Average no. of permanent staff for the financial year		18.12	6.65	6.65	-

5 FINANCIAL PERFORMANCE INDICATORS (Continued)

Indicator	Measure	Notes	Strategic Resource Plan Projections			Trend
			2019/20	2020/21	2021/22	+ / O / -
Operating position						
Adjusted underlying result	Adjusted underlying surplus (deficit) / Adjusted underlying revenue	1	-11.68%	-13.04%	-12.83%	O
Liquidity						
Working capital	Current assets / Current liabilities	2	416.35%	371.07%	372.06%	O
Unrestricted cash	Unrestricted cash / Current liabilities		-42.66%	-118.91%	-146.56%	-
Obligations						
Loan and borrowings	Loans and borrowings / Rate revenue	3	0.00%	0.00%	0.00%	O
Loan and borrowings	Interest and principal repayments on interest bearing loans and borrowings / Rate revenue		0.00%	0.00%	0.00%	O
Indebtedness	Non-current liabilities / Own source revenue		18.89%	20.66%	22.43%	+
Asset renewal	Asset renewal expenses / Asset depreciation	4	25.12%	24.89%	25.23%	O
Stability						
Rates concentration	Rates revenue / Adjusted underlying revenue	5	41.82%	42.03%	42.25%	+
Rates effort	Rate revenue / CIV of rateable properties in the municipality		0.52%	0.52%	0.52%	O
Efficiency						
Expenditure level	Total expenses / No. of property assessments		\$3,749	\$3,866	\$3,931	+
Revenue level	Residential rate revenue / No. of residential property assessments		\$999	\$1,023	\$1,048	+
Workforce turnover	No. of permanent staff resignations and terminations / Average no. of permanent staff for the financial year		6.74	6.74	6.74	O

Key to forecast trend:

- + Forecasts improvement in Council's financial performance / financial position indicator
- O Forecasts that Council's financial performance / financial position indicator will be steady
- Forecasts deterioration in Council's financial performance / financial position indicator

Notes to indicators

1 *Adjusted underlying result* - An indicator of the sustainable operating result required to enable Council to continue provide core services and meet its objectives. Improvement in financial performance is expected over the period, although continued losses means reliance on Council's cash reserves or increased debt to maintain services.

2 *Working capital* – The proportion of current liabilities represented by current assets. Working capital is forecast to decrease in future years as cash and cash equivalents decrease.

3 *Debt compared to rates* - Council has repaid its final loan liability in 2015/16.

4 *Asset renewal* - This percentage indicates the extent of Council's renewal of assets against its depreciation charge (an indication of the decline in value of its existing capital assets). A percentage greater than 100 indicates that Council is maintaining its existing assets, while a percentage less than 100 means its assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets.

5 *Rates concentration* - Reflects the extent of reliance on rate revenues to fund all of Council's on-going services. Trend indicates that Council will become more reliant on rate revenue compared to all other revenue sources.

APPENDIX A - FEES AND CHARGES SCHEDULE

Council's fees and charges schedule contains the fees and charges of a statutory and non-statutory nature which will be charged in respect to various goods and service provided during the 2018/19 year.

This document is located on Council's website and was adopted by Council on 27 March 2018.

APPENDIX B - BUDGET PROCESSES

This section lists the budget processes to be undertaken in order to adopt the Budget in accordance with the *Local Government Act 1989* (the Act) and *Local Government (Planning and Reporting) Regulations 2014* (the Regulations).

Under the Act, Council is required to prepare and adopt an annual budget for each financial year. The budget is required to include certain information about rates and charges that Council intends to levy as well as a range of other information required by the Regulations which support the Act.

The 2018/19 Budget, which is included in this report, is for the year 1 July 2018 to 30 June 2019 and is prepared in accordance with the Act and Regulations. The Budget includes financial statements being a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and a Statement of Capital Works. These statements have been prepared for the year ended 30 June 2019 in accordance with the Act and Regulations, and consistent with the annual financial statements which are prepared in accordance with Australian Accounting Standards and the Local Government Model Accounts. The budget also includes information about the rates and charges to be levied, the capital works program to be undertaken, the human resources required, and other financial information which Council requires in order to make an informed decision about the adoption of the Budget.

A 'proposed' budget is prepared in accordance with the Act and submitted to Council in April for approval 'in principle'. Council is then required to give 28 days notice of its intention to adopt the proposed budget and make the budget available for inspection at its offices and on its website. Council also provides copies of the proposed budget at post offices and neighbourhood houses/community resource centres within the municipality. A person has the right to make a submission on any proposal contained in the Budget and any submission must be considered before adoption of the budget by Council.

With the introduction of the State Government's rate capping legislation in 2015, Councils are now unable to determine the level of rate increase and instead must use a maximum rate increase determined by the Minister for Local Government which is announced in December for application in the following year.

If Council wishes to seek a rate increase above the maximum allowable it must submit a rate variation submission to the Essential Services Commission (ESC). The ESC will determine whether the rate increase variation submission has been successful by 31 May. In many cases this will require Council to undertake 'public notice' on two separate proposed budgets simultaneously, i.e. the Minister's maximum rate increase and the Council's required rate increase.

The final step is for Council to adopt the budget after receiving and considering any submissions from interested parties. The budget is required to be adopted by 31 August and a copy submitted to the Minister within 28 days after adoption. The key dates for the budget process are summarised below:

Dec - Minister for Local Government announces maximum rate increase
Dec and Jan - Officers update Council's long term financial projections
Jan and Feb - Council to advise ESC if it intends to make a rate variation submission
April - Proposed budget distributed to Councillors
April - Council meets to consider the proposed budget
May - Council resolves to advertise the proposed budget
May - Council advertises "Draft Budget"
May and June - Proposed budget available for public inspection and comment
June - Council meets to consider public submissions and adopt the budget
June - Council gives public notice that the budget has been adopted
July - Council provides a copy of the 2018/19 Budget to the Minister

APPENDIX C - CAPITAL WORKS PROGRAM

This appendix presents a listing of the capital works projects that will be undertaken for the 2018/19 financial year.

C.1 Capital works by key direction area

The following table shows capital expenditure by key direction area, as per the Council Plan, and shows how the capital works have been funded.

Project	External funding			Internal funding			Total funding sources
	Grants and contrib. \$	Sale of assets \$	Loan funds \$	Reserves \$	Working capital \$	Operating activities \$	
Economic development and tourism							
Eucy Museum Road Access Study						50,000	50,000
Caravan park improvements	500,000			325,000		258,000	1,083,000
Caravan park trees				15,000			15,000
Wedderburn Caravan Park entrance				15,000			15,000
Council properties fencing						5,000	5,000
Works and infrastructure							
Local roads reseals	38,725					565,000	603,725
Local road safety program	45,000						45,000
Local road construction	1,350,000						1,350,000
Local road resheets	242,550					137,450	380,000
Local road shoulder sheets						315,000	315,000
Local bridges and culverts	350,000					600,700	950,700
Township street improvements						237,000	237,000
Urban drainage				350,000			350,000
Salathiels Pit clean up				11,747			11,747
Boundary entrance signage park and locality						15,000	15,000
Fleet replacement		168,606		85,854			254,460
Plant replacement		210,817		941,936			1,152,753
Minor plant and equipment						20,000	20,000

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C.1 Capital works by key direction area (continued)

Project	External funding			Internal funding			Total funding sources \$
	Grants and contrib. \$	Sale of assets \$	Loan funds \$	Reserves \$	Working capital \$	Operating activities \$	
Good management							
Server replacement				50,000			50,000
Asset Edge devices				14,280			14,280
PC replacement				53,500			53,500
IT Strategy implementation				660,000			660,000
Building Asset Management Plan allocation						290,000	290,000
Community services and recreation							
Parks and gardens strategy						100,000	100,000
Pyramid Hill Community Centre	120,000						120,000
Donaldson Park pavilion	2,504,670					310,000	2,814,670
Livestock and domestic pound				50,000			50,000
Community planning allocations						750,000	750,000
Total	5,150,945	379,423	-	2,572,317	-	3,653,150	11,755,835

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C.2 Capital expenditure by classification

This table shows the projects by classification, and shows whether the works are for asset renewal or provide Council with new assets.

Project	Asset renewal \$	New asset \$	Asset upgrade \$	Asset expansion \$	Carried forward \$	Total project \$
Land and buildings						
Council properties fencing					5,000	5,000
Building asset management plan	290,000					290,000
Livestock and domestic pound					50,000	50,000
Salathiels Pit clean up					11,747	11,747
Total land and buildings	290,000	-	-	-	66,747	356,747
Furniture and equipment						
Server replacement	50,000					50,000
PC replacement	53,500					53,500
Asset Edge devices	14,280					14,280
IT Strategy implementation		660,000				660,000
Total furniture and equipment	117,780	660,000	-	-	-	777,780
Plant and equipment						
Minor plant and equipment		20,000				20,000
Fleet replacement		254,460				254,460
Plant replacement		1,152,753				1,152,753
Total plant and equipment	-	1,427,213	-	-	-	1,427,213
Footpaths						
Township street improvements	237,000					237,000
Total footpaths	237,000	-	-	-	-	237,000
Roadworks						
Local road reseals	603,725					603,725
Local road safety			45,000			45,000
Local road construction			1,350,000			1,350,000
Local road resheets	380,000					380,000
Local road shoulder sheets	315,000					315,000
Local bridges and culverts	950,700					950,700
Boundary entrance signage parks and locality	15,000					15,000
Total roadworks	2,264,425	-	1,395,000	-	-	3,659,425

APPENDIX C - CAPITAL WORKS PROGRAM (Continued)

C.2 Capital expenditure by classification (continued)

Project	Asset renewal \$	New asset \$	Asset upgrade \$	Asset expansion \$	Carried forward \$	Total project \$
Urban and road drainage						
Urban drainage program			350,000			350,000
Total urban and road drainage	-	-	350,000	-	-	350,000
Recreation, leisure and community facilities						
Caravan park improvements			1,083,000			1,083,000
Wedderburn Caravan Park entrance					15,000	15,000
Caravan park trees			15,000			15,000
Eucy Museum road access				50,000		50,000
Pyramid Hill Community Centre			120,000			120,000
Donaldson Park pavilion upgrade				2,504,670	310,000	2,814,670
Total recreation, leisure and community facilities	-	-	1,218,000	2,554,670	325,000	4,097,670
Parks, open space and streetscapes						
Parks and gardens strategy	100,000					100,000
Community planning allocations			750,000			750,000
Total parks, open space and streetscapes	100,000	-	750,000	-	-	850,000
Total	3,009,205	2,087,213	3,713,000	2,554,670	391,747	11,755,835

APPENDIX D - AUDIT COMMITTEE FINANCIALS

In 2002 Council's Internal Audit Committee created a reporting format that it considered appropriate for reporting Council's results on a monthly basis. That format has been used by Council since then.

The following reports show the 2017/18 Forecast Actuals, the 2018/19 Budgets, and the variance between the two.

The reports include:

- Comprehensive Income Statement by expense type
- Comprehensive Income Statement by key direction area
- Capital Expenditure Statement

COMPREHENSIVE INCOME STATEMENT BY EXPENSE TYPE

	Forecast actual 2017/18 \$	Budget 2018/19 \$	Variance \$
Revenues from ordinary activities			
Rates and charges	10,446,656	10,723,126	276,470
Statutory and user fees	1,849,110	1,734,539	(114,571)
Operating grants	10,705,537	6,230,312	(4,475,225)
Capital grants	4,269,476	5,150,945	881,469
Operating contributions	85,000	310,000	225,000
Capital contributions	-	-	-
Vic Roads	521,681	534,064	12,383
Reversal of impairment losses	3,879	-	-
Reimbursements	428,632	333,801	(94,830)
Interest	428,000	375,000	(53,000)
Total revenues	28,737,971	25,391,787	(3,346,184)
Expenses from ordinary activities			
Labour	11,149,293	11,809,431	660,138
Materials and services	8,511,950	6,751,388	(1,760,562)
Contracts	2,093,754	1,581,347	(512,407)
Utilities	454,832	466,503	11,671
Depreciation	8,976,575	9,200,989	224,414
Interest expense	-	-	-
Other expenses	304,738	306,172	1,434
Total expenses	31,491,142	30,115,830	(1,375,312)
Net (gain) / loss on sale of assets	-	-	-
Surplus / (deficit) for the year	(2,753,171)	(4,724,043)	(1,970,872)

APPENDIX D - AUDIT COMMITTEE FINANCIALS (Continued)

COMPREHENSIVE INCOME STATEMENT BY KEY DIRECTION AREA

	Forecast actual 2017/18 \$	Budget 2018/19 \$	Variance \$
Revenues from ordinary activities			
Rates and charges	10,446,656	10,723,126	276,470
Operating grants	10,705,537	6,230,312	(4,475,225)
Capital grants	4,269,476	5,150,945	881,469
Operating contributions	85,000	310,000	225,000
Capital contributions	-	-	-
User fees	1,849,110	1,734,539	(114,571)
Reimbursements	428,632	333,801	(94,830)
Reversal of impairment losses	3,879	-	-
Vic Roads	521,681	534,064	12,383
Interest	428,000	375,000	(53,000)
Total revenues	28,737,971	25,391,787	(3,346,184)
Expenses from ordinary activities			
Economic development and tourism	1,500,964	1,436,315	(64,649)
Leadership	1,892,213	1,946,465	54,252
Works and infrastructure	12,853,741	13,421,963	568,222
Good management	5,073,164	4,274,482	(798,682)
Environment	2,114,734	2,396,268	281,534
Community services and recreation	8,056,326	6,640,337	(1,415,989)
Total expenses	31,491,142	30,115,830	(1,375,312)
Net (gain) / loss on sale of assets	-	-	-
Surplus / (deficit) for the year	(2,753,171)	(4,724,043)	(1,970,872)

APPENDIX D - AUDIT COMMITTEE FINANCIALS (Continued)

CAPITAL EXPENDITURE STATEMENT

	Forecast actual 2017/18 \$	Budget 2018/19 \$	Variance \$
Surplus / (deficit) for the year-as per income statement	(2,753,171)	(4,724,043)	(1,970,872)
Less non-cash income			
Reversal of impairment losses	(3,879)	-	3,879
Add non-cash expenditure			
Net gain on sale of assets	-	-	-
Loan interest accrued	-	-	-
Depreciation	8,976,575	9,200,989	224,414
Total funds available for capital expenditure	6,219,525	4,476,946	- 1,742,579
Capital expenditure, transfers and loans			
Economic development and tourism	844,980	1,168,000	323,021
Leadership	-	-	-
Works and infrastructure	8,930,088	5,685,385	(3,244,703)
Good management	588,735	1,067,780	479,045
Environment	485,000	-	(485,000)
Community services and recreation	3,985,888	3,834,670	(151,218)
Total capital works	14,834,691	11,755,835	(3,078,856)
Transfers to reserves	8,023,030	2,151,749	(5,871,281)
Loan repayments	-	-	-
Total capital, transfers and loans	22,857,721	13,907,584	(8,950,137)
Capital expenditure, transfers and loans will be financed by:			
Asset sales	683,004	379,423	(303,581)
Transfers from reserves	15,593,357	7,401,594	(8,191,763)
Accumulated cash surplus brought forward from previous year	2,146,924	1,785,085	(361,839)
Total financing of capital, transfers, and loans	18,423,285	9,566,102	(8,857,183)
Total accumulated cash surplus	1,785,089	135,464	(1,649,625)